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Frank Dunne Decries Deterioration Of Position Small Over-Counter Houses; Urges Cooperation

Frank Dunne, President of the New York Security Dealers Association, speaking at the 16th anniversary dinner, declared there is a rising tide of bewilderment among the little firms in the over-the-counter business, as the deterioration in the position of the small firm in the industry, as compared to the position of the large organization, intensifies.

"Traditionally," Mr. Dunne said, "our Association, organized over 16 years ago, represents the little fellow in the securities business. Our typical member firm has few employees—an average of perhaps 15—a limited amount of capital to work with, and the amount of business it turns over in any year is modest.

"Yet, as in other industries, the thousands of small firms scattered throughout the Nation have real importance. I believe that most of us here recognize the function of small financial units in a system of free enterprise—a system now being challenged and severely tested throughout the world.

"In the past, there has been a recurring theme in the few words I have addressed to you—cooperation between the different elements in the securities markets and the elimination of factional differences through discussion and reason. Perhaps that sounds a little pompous, as when Samuel Johnson, the great dictionary maker, defined a window 'as an orifice in an edifice to admit luminous particles.' What he meant was a hole in the wall. If the reference to cooperation sounds stilted, let me restate it by saying—that this Association has always believed that our industry should not wash its dirty linen in public. Factional differences within the industry should be adjusted within the industry. All this of course with the provision that what is good for the public must come first; only if that provision is met can enduring benefits accrue to all of us.

"It is with this thought in mind that I wish to make passing reference to a trend which has become intensified since we met last year. I refer to the deterioration in the position of the little firm in the over-the-counter business, as compared to the position of the large organization in the business. I sit at a listening post—and I note a rising tide of bewilderment and resentment. Hardly a day goes by that I don't get grievance messages by letter, telephone and teletype from all parts of the country. If you are not acquainted with this development, I suggest you do some sampling in the trade, and I am sure you will receive confirmation of what I say. Now, do these complaints have merit—or are they just a result of bad conditions in the 'Street'?

"Here in substance are some typical complaints that come to my office:

"In the past, the big underwriters and stock exchange houses, when bringing out a new issue, were accustomed to make markets in the issues they underwrote only until they felt satisfied that the issues had become seasoned. Then they retired from the market in the issue, leaving the eighths and quarters of day-to-day trading and market-making to the over-the-counter dealers. More recently, however, it has become a common practice for the big houses to continue trading in the security long after the conclusion of the usual sea-

(Continued on page 1326)

OUR REPORTER'S REPORT

In these dull days, the Union Electric Co. of Missouri auction of $10,000,000 additional of its 3⅜% first mortgage bonds brought more than its quota of surprises.

Lively bidding had been anticipated, because of the recognized quality of the issue, and the absence of available new material, but the actual response by way of group tenders made surpassed all expectations.

The company received a total of eight separate bids for the offering, ranging from 107.95, the lowest, to 109.28011, the highest bid, which proved a full ½ point above the price at which bonds issued earlier, under the same mortgage, were quoted in the open market.

For a time it was assumed that the successful syndicate was handling an "agency" bid, but it developed later that this was not the case.

However, as things turned out one of the "Big Five" life companies was credited with having absorbed $6,000,000 of the issue upon offering yesterday, while other institutions were represented as sizable bidders for the balance.

The bonds were priced for public offering at 109⅞, with the indicated yield around 2.87%, setting another precedent, since it marked the first time a long-term utility bond had been offered to return less than 2.90% to the buyer.

New England Utility Plans

Activity among investment banking firms suggests early revival of plans of the Public Service Co. of New Hampshire for refinancing outstanding debts. Several banking groups are said to be showing renewed interest in this possible undertaking.

(Continued on page 1328)

Stock Exchange Considering Revision In Members' Dues And Other Charges

Emil Schram, President of the New York Stock Exchange, announced that the Exchange's Board of Governors has under consideration a comprehensive revision of the rates of membership dues and other charges payable to the Exchange by members and member firms. The proposed revision, said the Exchange, is part of a broad program to establish the revenues of the Exchange upon a sound basis by assessing the costs of operation of the Exchange as fairly as possible among the different classes of Exchange members and firms.

The changes under discussion would, subject to approval by the Board of Governors and the membership, involve:

1. A reduction in membership dues from the present annual rate of $1,000 to an annual rate of $750.
2. A reduction from $1,000 a year to $500 a year in the charge for specialist post space on the floor of the Exchange.
3. A reduction of $50 a year in the annual charges for specialist clerks' tickets, bond clerks' tickets and special bond clerks' tickets.
4. An annual fee of $150 a year for the registration of regular specialists and odd-lot brokers and dealers, and a fee of $10 a year for the registration of associate and relief specialists.
5. A transaction charge, to be paid by all members and member firms, of not more than 1% of the net commissions received and retained by each member or member firm with respect to transactions effected on the Exchange.

The Exchange's announcement explained the effect of these changes as follows:

It is estimated that the loss of revenue to the Exchange from the proposed reduction in membership dues and in charges now made for certain floor facilities would be approximately offset by the proposed new sources of income from the registration of specialists and odd-lot brokers and dealers and from the charge to be made upon the net commission revenues of members and member firms. No net increase in income to the Exchange would result from the proposed changes, based upon the volume of trading on the Exchange in 1942 to date.

The proposed charge on commissions would be computed on the basis of "net commissions" received and retained on Exchange business, each member or firm paying on the share of the commissions received by him on each transaction on the Exchange. The purpose of the proposed changes is to bring about a more equitable allocation of the cost of running the Exchange, based upon the utilization by members and member firms of its facilities.

The proposed revision would require an amendment of the Constitution of the Exchange. An amendment, providing the necessary authority to make a revision along the lines contemplated is now before the Board of Governors, and is expected to be considered at an early meeting. If acted upon favorably, the amendment would be submitted to the membership for approval.

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NEW YORK SECURITY DEALERS DINNER

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J. D. Myer Now With Hayden, Miller & Co.

CLEVELAND, OHIO.—J. Donald Myer has become associated with Hayden, Miller & Co., Union Commerce Building, members of the Cleveland Stock Exchange, as manager of the statistical and trading departments. Mr. Myer was formerly with Otis & Co. and prior thereto for many years was with the Cleveland Trust Co.

Dana F. Baxter, who was formerly manager of the Hayden, Miller & Co. trading department, has left for the Great Lakes Naval Training Station.

To Form D'Assern Co., N. Y. Exchange Firm

D'Assern & Co., members of the New York Stock Exchange, will be formed as of April 9th with offices at 70 Pine Street, by Joseph M. d'Assern, John J. Farrell, the Exchange member, John Belck, and H. Walter Mewing. Mr. d'Assern was formerly President and Secretary of D'Assern, O'Neill & Co., Inc., with which Mr. Mewing was also associated. Mr. Farrell was previously a partner in Morris Joseph & Co.

Trading Markets in

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Purcell Urges Eliminating Needless Overhead To Preserve Machinery Of Financial Economy

The investment banking industry should eliminate "unwarranted and unwanted overhead" and "traditional but unnecessary appendages" in order to preserve the machinery of financial economy for the reconstruction after the war, it was stated by Ganson Purcell, Chairman of the Securities and Exchange Commission, on March 26. Mr. Purcell spoke at the 16th anniversary dinner of the New York Security Dealers Association at the Waldorf-Astoria in New York.

Concerning his remarks, the New York "Times" quoted Mr. Purcell as saying:

"If the machinery of financial economy which exists today, is permitted, through lack of our foresight, to slip into sickly decline, the men of experience who make up that system will not be prepared to assume with ability the great task of reconstruction after the war when their services will be more sorely needed. By the same token they will not be in harness during the war period to keep a steadying hand on the affairs of corporate finance and to care for the needs and guide the interests of the individual investors who must be the source of capital supply for the reconstruction.

"I am told that even now you are in a period when your facilities and your personnel are in excess of the needs of finance. The indications are that as the war goes on this situation will become even more acute. For many in the securities business this presents business and personal problems of the first magnitude. It may even indicate to some that they cannot continue unless there is a change for the better.

"It seems to me, however, that the key to maintaining the business lies in the ability to eliminate the unwarranted and unwanted overhead which is today existent in so many instances. Through elimination of traditional but unnecessary appendages, and through the combination of many presently separated functions, the financial world as a whole can find the means to economize and the incentive to progress.

"Today the investment business, like many other industries throughout the country, is facing curtailment because the material upon which it relies and must have in order to operate is needed and must be conserved for use in the prosecution of the war. While the public

Continued on page 1327)

John C. Wright Now With Keane & Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — John C. Wright has become associated with Keane & Co., Penobscot Building. Mr. Wright, a member of the Detroit Exchange, was formerly a partner in Wright, Martin & Co. He began his career in the investment and banking field in 1920 as assistant secretary of the American Trust Company, of Lincoln, Nebraska; in 1922 he joined Nicol-Ford & Co. of Detroit, becoming a partner in the firm in 1927 and continuing partnership in Nicol, Livingston & Ford. He was manager of the bond department of the Detroit office of Dominick and Dominick from 1932 to 1933, when Wright, Martin & Co. was formed. He has been an officer of the National Security Traders Association and of the Bond Men's Club of Detroit.

John C. Wright

Retires After 40 Years

Clark Armour, a veteran of forty years service with Hallgarten & Co., 44 Wall Street, New York City, retired on March 31. He is planning to devote himself to gardening, which has always been his hobby, at his home at Lake Ronkonkoma.

In New Quarters

TORONTO, ONT., CANADA—Traviss, Scholfield & Company, Ltd., announce the removal of their offices from the Dominion Bank Building to the Imperial Bank Building.

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Court Rules In Favor Of Gene McCann

A ruling favorable to Gene McCann, former securities dealer, was handed down on March 27 in a 2-to-1 decision by the United States Circuit Court of Appeals in New York, when it held that he had improperly defended himself at his trial, without benefit of counsel, the result probably being eventually a reversal of his conviction. This was noted in the New York "Herald Tribune" of March 28, which also said:

The higher court did not reverse the conviction, since the appeal has not yet been argued But it ruled that "when on trial for a felony an accused, at least when not himself a lawyer, may not consent to be tried by a judge except upon the advice of an attorney." On these grounds, a reversal would be expected.

Last week the Circuit Court of Appeals reduced his bail from $10,000 to $1,000, and McCann will once again be free.

* * *

But McCann may not have to face a new trial until his appeal is completed. And no one can force him to prosecute his appeal. He may drop the matter as it stands now and remain free, unless the Supreme Court rules against him. In its decision yesterday, the Circuit Court said its ruling was based on recent decisions of a similar nature by the Supreme Court so that a reversal by the highest court would seem improbable.

McCann elected to try his own case last July before Judge Merrill Otis, of Missouri, who was sitting here temporarily. He also waived a jury trial. He had no benefit of counsel in reaching either decision, but insisted he could defend himself better than any lawyer.

* * *

McCann was found guilty by Judge Otis of defrauding persons seeking to start new businesses. He was accused of answering advertisements and falsely representing his influence to facilitate stock sales, raising the ante for his services once his alleged victims had accepted his offer of counsel and advice.

IBA Southern Group To Meet April 19-20

The Southern Group of the Investment Bankers' Association will hold their Spring meeting in Birmingham, Ala., on April 19 and 20. Usually the meeting alternates each year between Ponte Vedra, Fla., and Edgewater, Miss., but it was the majority opinion of the membership to hold it this year in Birmingham, thereby requiring less time and expense, according to Errol E. Buckner, Chairman of the Group. John Fleek, President of the IBA, is scheduled to address the gathering. According to Mr. Buckner, Sunday and Monday (April 19 and 20) were selected so that the meeting of the Southern Group meeting would follow that of the Texas Group, which is being held the preceding Thursday and Friday. This will give President Fleek of the Association, ample time in which to get to Birmingham it is stated.

Tenth Anniversary For John B. Carroll & Co.

Lee Carroll of John B. Carroll & Co., 70 Pine Street, New York City, announces that his firm is celebrating its tenth anniversary. The firm acts as underwriters, distributors and dealers in municipal, State and corporation bonds, specializing in New York and New Jersey municipal issues.

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Customers' Brokers Nominating Committee

The Association of Customers' Brokers of New York announce that a nominating committee has been appointed to present a new slate of officers at the annual meeting in June. Members of the Committee are:

William M. Barber, Maynard, Oakley & Lawrence; Frank W. Walker, Merrill Lynch, Pierce, Fenner & Beane; Frank Saline, Winthrop, Whitehouse & Co.; Miss Mary Monahan, Orvis Brothers; E. N. Chapman, Francis I. du Pont & Co. and Chisholm & Chapman; John Tucker, Fahnestock & Co.; John F. Power, Eastman, Dillon & Co.; Harry N. Tucker, Harris Upham & Co.; and Edward J. Markham, Jackson & Curtis.

W. W. Woods, Jr. Now With Bateman, Eichler

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William Wallace Woods, Jr., has become associated with Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Wood was previously Vice-President of Fox, Castera and Co., and Edgerton, Riley & Walter. Prior thereto he represented Fundamental Group Corporation and Mackubin, Legg & Co. on the Pacific Coast.

Leslie Schwinn Now W. F. Kurtz Partner

CLEVELAND, OHIO.—Leslie B. Schwinn has become a partner with Wilbur F. Kurtz in W. F. Kurtz & Co., Union Commerce Building. Mr. Schwinn was formerly with Merrill, Turben & Co., Kraus-Cunningham & Co., and in the past was manager of the Chicago office of Chas. E. Quincey & Co.

Thorne With McMaster

(Special to The Financial Chronicle)

CHICAGO, ILL. — Forest Garner Thorne has become affiliated with McMaster Hutchinson & Co., 105 South La Salle Street, members of the Chicago Stock Exchange. Mr. Thorne was previously with the Illinois Company of Chicago; prior thereto he was district manager for Fundamental Group Corporation, was Chicago manager for Furst & Co. and was with Blyth & Co. for a number of years.

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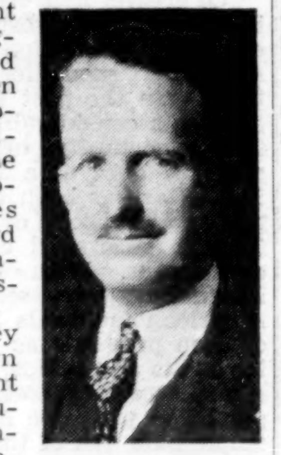
Fred Busbey Running For U. S. Congressman

CHICAGO, ILL.—Fred E. Busbey, of Fred E. Busbey & Co., 10 S. La Salle Street, specialists in real estate securities, has received the unanimous endorsement of all the regular elected committeemen as the Republican candidate for the House of Representatives from the 3rd Illinois Congressional District.


Fred. E. Busbey

Mr. Busbey is well known in investment circles thruout the country, and especially in Chicago, where he has for the past ten years published the well known "Busbey Financial Directory" which has been distributed free of charge to banks and dealers in Chicago. He is a specialist in the real estate securities field having been identified with it for the past twenty-one years.

He has been an active member of the American Legion, for many years serving as a member of the Americanism commission of the Department of Illinois and for two years acting as State Director of Americanism.

Clifton Book Joins Wyeth In San Diego

(Special to The Financial Chronicle)

SAN DIEGO, CALIF. — Clifton T. Book has become associated with Wyeth & Co., 530 Broadway. Mr. Book was formerly Vice-President and Manager of the trading department of Roger K. Williams & Co., with which he had been connected for many years.

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Pittsburgh Bond Club Elects 1942 Officers

The Bond Club of Pittsburgh held its Annual Dinner on March 26, over ninety members and their guests attending.

A serious discussion of what the members could do personally to help in the war ended in an agreement to help the local committee under Frank Denton of the Mellon Securities Corp. in the sale of Defense Bonds and to offer blood donations to the Red Cross. Many of the members of the Bond Club are already in the Service.

The following Officers and Governors were elected for the year begining April 1, 1942:

President, L. Wainwright Voigt, Hemphill Noyes & Co.; Vice-President, Chas. A. Painter, Jr., Kay Richards & Co.; Treasurer, S. Lee Bear, S. Lee Bear & Co.; Secretary, Alan G. Clifford, James A. Scott & Co.

Governors: Francis J. McGuinness, Chaplin & Co.; Paul Tunnell, H. M. Byllesby & Co. and Stephen W. Steinecke, S. K. Cunningham & Co.

Leason & Co., Inc. Is Formed In Chicago

CHICAGO, ILL. — Leason & Company, Inc., has been formed with offices at 39 South La Salle Street, to underwrite and distribute investment securities retail and wholesale, specializing in public utility, industrial, and railroad issues.

Officers of the firm are Harvey G. Leason, President, Jay H. Leason, Vice-President and Treasurer, and Arthur J. Leason, Secretary. Harvey G. Leason and Jay H. Leason were formerly officers of Thompson Russ Securities Co.; Arthur Leason was with the Commonwealth Edison Co.

Henry G. Gabel and Thomas M. Harris, both formerly with Thompson Ross Securities Co., have become associated with the new firm.

Now Brady & Garvin; Geo. Bader A Partner

With the retirement from the firm of William J. Gerety, Jr., the name of Brady & Gerety, 115 Broadway, New York City, members of the New York Curb Exchange, has been changed to Brady & Garvin.

George Bader, a member of the Curb Exchange, and recently in business as a Curb floor broker, has been admitted to partnership in the firm.

Schultz Trading Mgr. Of Traction Securities

CHICAGO, ILL. — George W. Schultz has joined Traction Securities, Inc., 105 South La Salle Street, as manager of the trading department. Mr. Schultz was formerly with Taylor, Duryea & Co., John J. Seerley & Co. and Sadler & Co.; in the past he was an officer of Bond & Goodwin, Inc. of Illinois.

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Urges Self-Policing For Municipalities To Guard Against Centralization Of Power

Voluntary imposition of self-policing measures to promote unity of thought, action and restraint by all municipalities, counties and school systems was offered today in an attempt to preserve the small town, "the cradle of democracy," against the trend toward centralization of all political power.

B. H. Faulkner, Director, Department of Revenue and Finance, of Montclair, N. J., (and a prominent executive in the oil industry) told The Municipal Forum of New York at its luncheon meeting that one problem of great concern is the stemming or at least anticipating of the trend toward loss of community identity. As an answer to this problem, Mr. Faulkner made a specific suggestion and applied it to New Jersey which he said would be ideal as a proving ground. He proposed that legislation be requested by Local, County and School Governments "which would place in the hands of the Commissioner of Local Government, Mr. Walter R. Darby, the power to appoint in each county, an Advisory Local Government Board consisting of one representative of the County Government, one for the School System, one for Local Government and two representating the public. These boards with necessary accounting and legal staffs would review all operating and capital expenditure programs recommend solutions for common problems, serve as a liaison with a like board serving for all the State and in direct contact with the Commissioner of Local Government. The excellent character, standing and ability of Mr. Darby would insure a non political result.

"This plan is working well in the oil industry. There is no reason why it should not work equally well with New Jersey municipalities. In practice it would afford an opportunity for self determination which the months and years ahead may otherwise deny. Instead of increasing the tendency to State and national domination it would supply a mechanism for unity and cooperation among municipalities not now available. Instead of destroying home rule, it would protect its principle in the uncertain period which lies ahead.

"I offer this in the spirit of democracy, in an attempt to preserve its very essence—the small town."

Urges Municipals Tax Only For Duration

The following letter regarding the proposed tax on municipal issues has been sent to Honorable Henry Morgenthau, Secretary of the Treasury, by William E. Lohrman of Wm. E. Lohrman Co., 76 Beaver Street, New York City:

"May I respectfully offer a suggestion to my Government. I hope it is an original one for I have seen no comments advanced in that direction.

"I read of your proposed new tax program, which the honorable Congress, Ways and Means Committee is working on, advancing the thought in part that State, Municipal, Local, etc. (so-called Tax Exempt bonds) bonds should be henceforth taxed for income tax purposes.

"I am not advancing an opinion of my own for whatever the Congress votes and the President signs is good enough for me. We are at war and that comes first.

"However, there is much dissension not only from owners of the bonds, that if made retroactive it would be abrogating (unwritten perhaps—but almost common law) contracts, but also from the public officials of these localities.

"We want unity, don't we. We want harmony. Pull together. Less harboring of grudges.

"My suggestion, therefor, is that the law, in this respect if passed whether retroactive or not, be so worded, that it would only continue for the duration and six months after that.

"Hope I have been of some service with this thought."

Mackubin, Legg Moves

The head office of Mackubin, Legg & Company, members of the New York and Baltimore Stock Exchanges, in Baltimore was moved to new quarters at 22 Light Street on March 30. The new offices are equipped with a teleregister board, the only one in operation in Baltimore.

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JAY H. LEASON
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Small-Milburn Go From Tulsa To Okla. City

The Small-Milburn Company has moved its Oklahoma office from Tulsa to the Terminal Building in Oklahoma City. William B. Cochran will continue to represent the firm in Oklahoma; Glen L. Milburn will return to the firm's main office in Wichita, but will continue in charge of the Oklahoma business. Both the Wichita and Oklahoma City offices will continue to offer the same service as heretofore on Oklahoma and Kansas municipals.

All teletypes used by bond dealers in Oklahoma City have been requisitioned and it is therefore suggested by the company that all teletype communications be made with the Wichita office as there is no machine in Oklahoma City.

Louis W. Ochs Joins Dempsey-Tegeler Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Louis W. Ochs has become associated with Dempsey-Tegeler & Company, 407 North Eighth Street, members of the New York Stock Exchange. Mr. Ochs for many years was President of Louis W. Ochs & Associates.

Morgan Engineering Company
Common Stock
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DIVIDEND NOTICES

DIVIDEND
ARMOUR AND COMPANY
(ILLINOIS)

On March 6 a dividend of $1.50 per share on the issued and outstanding $6.00 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on April 1, 1942, to shareholders of record on the books of the Company at the close of business on March 16, 1942.

E. L. LALUMIER, Secretary

DIVIDEND
ARMOUR AND COMPANY
OF DELAWARE

On March 6 a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable April 1, 1942, to stockholders of record on the books of the Company at the close of business March 16, 1942.

E. L. LALUMIER, Secretary

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A Second Interim Dividend on the Ordinary Stock for the year ending 30th September, 1942 of fivepence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 31st March, 1942.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 189 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the press, are notified that Coupon No. 189 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 31st March, 1942.

Coupon No. 77 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 24th February, 1942.
BY ORDER.
D. M. OPPENHEIM, Secretary.
Rusham House, Egham, Surrey.

Electric Bond and Share Company
$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment May 1, 1942, to the stockholders of record at the close of business April 6, 1942.

L. B. WIEGERS, Treasurer.

JOHN MORRELL & CO.

Morrell PRIDE meats

DIVIDEND NO. 51

A dividend of Fifty Cents ($0.50) per share on the capital stock of John Morrell & Co., will be paid April 25, 1942, to stockholders of record April 4, 1942, as shown on the books of the Company.

Ottumwa, Iowa, Geo. A. Morrell, Treas.

To Be T. Sloan Young Co.

T. Sloan Young, member of the New York Stock Exchange, and Anthony T. Olivo will form T. Sloan Young & Co., with offices at 30 Pine Street, New York City, on April 9th. Mr. Young has been an individual floor broker; it is proposed that Mr. Olivo act as alternate for him on the floor of the Exchange.

Extend Purchase Date On Cordoba City Bonds

F. J. Young & Co., Inc., New York, is notifying holders of Municipality of Cordoba (Argentine) 7% external sinking fund gold bonds of 1927, due Aug. 1, 1957, or certificates of deposit therefor, and holders of ten year 7% external sinking fund gold bonds of 1927 due Nov. 15, 1937, or judgments in respect thereof, that it has extended the date for purchase of these securities to April 15, 1942. As of the close of business on March 31, 1942, acceptances of the offer had been received from holders of $3,410,000 aggregate principal amount of these issues.

Holders desiring to accept the offer are requested to forward their securities to The Continental Bank & Trust Co. of New York, Corporate Trust Department, 30 Broad Street, which is acting as agent for F. J. Young & Co., Inc.

Manufacturers Pledge Full Support To Nelson

The Board of Directors of the National Association of Manufacturers on Mar. 27 pledged "wholehearted support" to Donald Nelson's efforts to increase war production. In a brief statement, the Association made public the pledge which reads as follows:

> The National Association of Manufacturers pledges to Director Donald Nelson of the War Production Board its wholehearted support in his efforts to increase war production.
>
> The War Production Drive plan as originally printed caused considerable confusion and misunderstanding which has been clarified by Mr. Nelson's statement of Mar. 23 in which he stated that this plan is purely voluntary so far as each plant is concerned; that "it is not designed to conform to any plan that contemplates a measure of control of management by labor"; that "it does not put management in labor or labor in management." In other words, that this plan must not be misused to disturb existing labor relations, but is intended solely to stimulate increased production and to bring home to both management and labor the vital importance of their combined efforts.
>
> All members of this Association are urged to investigate the possibilities of increasing the volume and speed of production by any of the features of this voluntary plan and to put into operation all those which are suitable to the conditions and problems of their companies.

DIVIDEND NOTICE

THE UNITED STATES LEATHER CO.

A dividend of $6.00 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable May 1, 1942 to stockholders of record April 15, 1942.

C CAMERON, Treasurer.

New York, March 25, 1942.

MEETING NOTICES

CANADIAN PACIFIC RAILWAY COMPANY

NOTICE TO SHAREHOLDERS

The Sixty-first Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the sixth day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon.

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London at 3 p.m. on Tuesday, the fourteenth day of April. The Preference Stock Books will be closed in London at the same time.

All books will be re-opened on Thursday, the seventh day of May.

By order of the Board,
F. BRAMLEY, Secretary.
Montreal, March 16, 1942.

UTILITY PREFERREDS

JACKSON & CURTIS

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Burton F. Whitcomb** has become affiliated with **Blyth & Co., Inc.,** 75 Federal St. Mr. Whitcomb was formerly with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **J. Janvier Wetzel** has become associated with **Brailsford, Rodger & Co.,** 208 South La Salle St. Mr. Wetzel was formerly with Dempsey-Detmer & Co., Alfred O'Gara & Co., MacFarlane & Holley, and Taussig, Day & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Maurice D. Galleher**, formerly with Lazard Freres for a number of years, has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Board of Trade Building.

(Special to The Financial Chronicle)

DENVER, COLO. — **Lorne C. Duncan**, previously with Hamilton Depositors Corp., is now with **Mutual Depositor Corp.,** First National Bank Building.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**James E. Jeffers** has become connected with **Adams-Fastnow Co.,** whose main office is located at 650 South Spring St., Los Angeles. Mr. Jeffers was formerly with C. A. Botzum Co. and Schram, Eddels & Co.; prior thereto he was Long Beach Manager for Edgerton, Riley & Walter and F. E. Harris & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Horace Donnell,** formerly with O'Melveny-Wagenseller & Durst, is now with **Nelson Douglass & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Leigh B. Freeze** has been added to the staff of **Fairman & Co.,** 650 South Spring St. Mr. Freeze was previously with A. S. Morton.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Charles E. Jank,** for several years with Geo. H. Grant & Co., is now affiliated with **Frank Knowlton & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Irvin Selden Catlin** has been added to the staff of **R. E. Crummer & Co., Inc.,** First National Bank Building.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **Charles D. Jennison,** previously with Schwabacher & Co., has joined the staff of **Bogardus, Frost & Banning,** 90 South Oak Knoll Avenue.

(Special to The Financial Chronicle)

PORTLAND, ME. — **George S. Drake** is now with **Paul & Co., Inc.,** 192 Middle St. Mr. Drake was previously with Hornblower & Weeks and Christianson, MacKinnon & Co., Inc.

(Special to The Financial Chronicle)

WILLIAMSTON, N. C. — **John Dawson Biggs** has been added to the staff of **Scott, Horner & Mason, Inc.,** whose main office is located in the Law Building, Lynchburg, Va.

Reese Named To Board Of Invest. Trust Cos.

Clarence J. Reese

Clarence J. Reese, President of Continental Motors Corporation has been elected to the Board of Directors of two investment companies located in the metropolitan area, according to joint announcements made today by Manhattan Bond Fund, Inc., and New York Stocks, Inc.

Continental Motors Corporation is today the second largest producer of airplane type engines in the country. It built the motors which have given a good account of themselves in the American tanks forming a vital part of General Auchinlek's striking power in the Libyan desert.

Mr. Reese was a guest speaker at the 16th Anniversary Dinner of the New York Security Dealers Association at the Waldorf, last Thursday. He spoke on the topic "War Production."

Since the passage of the Investment Company Act of 1940 there has been an increasing tendency among the larger investment trust units to augment their directorates by including representatives of industry. This course, it is believed, has well justified itself, especially since the advent of our war economy with its shifting industrial influences and their consequent effects on investment policy.

Underlying Railroad Bonds

Machine Tool Stocks

THOMPSON ROSS SECURITIES CO.
CHICAGO

DETROIT

LISTED AND UNLISTED SECURITIES

Charles A. Parcells & Co.
Members of Detroit Stock Exchange
PENOBSCOT BUILDING
DETROIT, MICH.

ST. LOUIS

STIX & CO.
SAINT LOUIS
509 OLIVE ST.

Members St. Louis Stock Exchange

S. A. Dollar Bonds Offer Interesting Situation

With the exception of Bolivia and Peru, all South American countries that issued dollar bonds in this market have made adjustments on their debts and are now making partial payments, according to a review of South American bonds prepared by the statistical department of Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange. There are, however, certain provincial and municipal bonds within those countries still in default, in regard to which the firm says that it is possible with the anticipated improvement in internal conditions settlements may be made on the remaining defaulted issues.

"Of greater interest to American investors is the prospect of accelerated repatriation of South American securities," says the firm. "In the past this has been done to a considerable degree, for the opportunity of discharging external debt at a few cents on the dollar has been too attractive to be overlooked even by countries in straitened economic circumstances. With expanded American purchases of South American materials and the lack of such products as automobiles, ice boxes and radios, which South America would normally be expected to purchase in return, the dollar balances of those countries should increase rapidly. It seems logical to expect that the repatriation of their securities will expand accordingly. The markets for most issues are relatively thin and such a policy could combine with renewed interest by American investors to produce materially better prices for the bonds in spite of increases that have already taken place."

In Armed Forces

John W. Castles, a special partner of Smith, Barney & Co., New York City investment bankers, has been commissioned as a Major in the United States Army, and is now on active duty with the armed forces. Mr. Castles served in the last war as a Captain in the Tank Corps in France and was wounded in the Meuse-Argonne. During previous years he was a partner of Lord, Day & Lord, also Charles D. Barney & Co., and formerly a director of Continental Bank & Trust Co., Tri-Continental Corp., and Glenn L. Martin Co. of Baltimore, Maryland.

Tomorrow's Markets Walter Whyte Says—

Market now at old low point. A downside breakout could be serious. Two other possibilities present. Volume necessary for immediate clue.

By WALTER WHYTE

It is no easy job writing about a stock market that seems to exist in name only. Activity or volume has always been a yardstick by which a future trend could be gauged. Yet today there is no volume or any activity that can even be dignified by such a description.

* * *

Under present day conditions a fair average trading day brings out about 275,000 shares. In the old days, not so old at that, this was barely enough to start the first hour.

* * *

Last week the price for Big Board seats dribbled down to $17,000. According to records this represents the low point since the Spanish-American War. Now anybody will admit that $17,000 is not hay, but when you recall the top prices these seats sold for, it isn't folding money either. Still the price of seats nobody ever sat in has little to do with what the market may do to-morrow or the day after to-morrow.

* * *

During the last few days, I have made what for me is an intensive study of the tape. I've unrolled so many yards and peered at so many symbols, that I began looking like a near sighted spaghetti roller outer. But for all I got out of it, it might as well have been spaghetti. I could have eaten that.

* * *

So I turned to charts long range ones. Well, in addition to an attack of nostalgia, I also saw what may turn out to be the beginning of a market formation, that may prove to be a turning point. For example: The averages (N. Y. "Times") made a low point about 67.50 on March 10th. A rally brought them up to about 70 on March 16th. Then they slowly backed down again to about 68.75, from which point they rallied again to the previous high point, 70. At this level things began looking better. Chart readers could even draw pretty lines from the lows and carry them forward to show that from then on prices could go only one way. But the market, displaying feminine characteristics, got contrary. It went down. On the decline the averages went back to the same old low point, about 67.50 and then stopped to look around again.

* * *

So far the picture wasn't exciting, nor for that matter, is it now. Yet, the fact that prices held at that level and didn't go any lower, is some comfort. But now we come to the all important question: What now?

* * *

Well, there are three possibilities. They can hem and haw at present levels and do nothing. They can break through the lows and go lower. They can turn around and go higher. If the first is to apply, the lows will hold. If the second happens, the break through will be serious. A reaction of anywhere from 10 to 20 points would not be surprising. If the third occurs, the subsequent rally will run into trouble at the old resistance levels—about 70. It is at this 70-figure, that the market should begin running into volume. Whether or not this volume, when, as and if, will be enough to halt any advance, is too early to say. But no move worthy of the name will materialize or get anywhere unless such volume does come out. There are no two ways about it. A move in any direction, worth following, must have volume. Without it, you take an odds-on chance of being hung up with whatever position you take, long or short, blue chip or dog.

* * *

After getting all this together and realizing that it totaled up too little to add to your store of information, I decided to speak to what few market authorities were still around. (In case you don't know, a market authority is one who made money in the past and still has it.) Between arguments about the war; what chances were of getting commissions, or who was going to be drafted, the best I could get was a doleful but a long drawn out: "I don't know."

* * *

I heard all kinds of theories about inflation. But I heard such things before; way back in 1933. And while inflation is one bogey man that hasn't been dragged out for some time, I hardly think its visage if conjured up now, would scare enough people into rushing out and buying any old thing at the market.

(Continued on page 1333)

Guaranteed Railroad Stocks

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

In very few places have the effects of a war economy and dislocations arising from the course of the war been more dynamically illustrated than in the sharp comeback staged by Missouri-Kansas-Texas in recent months. The change in the company's fortunes has been highlighted by advances ranging from 80% to more than 300% in quotations for the road's fixed interest bearing bonds from the lows of last year. Speculative buying interest has been gaining momenium rapidly in recent trading sessions and, considering the outlook for well sustained earnings throughout the balance of the war period, many bond men look for continued favorable market action. It is pointed out that the yields obtainable on these liens look very tempting to buyers who in the past have been primarily stock minded but are now intimidated by the threat to dividends inherent in the Government's tax needs.

There was a time, and not very long ago, when the approach of each interest date caused apprehension as to the ability of "Katy" to maintain its solvency. Such fears have been put aside "for the duration," and there has developed a glimmer of hope that the breathing spell afforded by the current bulge in business may be sufficient to bring about a permanent improvement in the company's financial burden. While this may be overly optimistic, there is no gainsaying the fact that the outlook is bright over the visible future, that present and prospective financial improvement will provide some fat on which to live if there is a sharp recession following the war, and that here is a railroad first mortgage affording a return of close to 10%. Moreover, at least a portion of the industrial expansion taking place in the service area may be converted to peacetime use after the war is ended. This might tend to offset in part some of the basic traffic weaknesses of the property such as diversion of traffic to pipe lines and highways, and loss of export markets for agricultural commodities, particularly cotton.

That "Katy" is burdened with a far too heavy debt structure is obvious from the fact that in only one year of the eight-year period 1933-1940 were fixed charges earned in full, and in that year, 1936, the margin was only 1.13 times. The long period of earnings drought was a serious drain on finances and by the end of this period the company had not only exhausted its own resources but had borrowed to what was apparently the limit of its credit. That was the picture at the outset of the armament boom. Then, in 1941, there was a rise of more than 25% in operating revenues and the company was able to return to profitable operations, with charges covered 1.01 times.

The showing was hardly impressive, but the narrowness of the margin of safety could be attributed to the rehabilitation needs of the properties and the necessity for improving the physical condition of both equipment and rail line in order to meet the defense needs. Also, financial progress was rather disappointing in that only a token payment was made towards reduction of the RFC debt. This factor, however, loses much of its significance when one considers that cash account was up almost $1,300,000 to $3,815,000 by the end of the year, materials and supplies with which to meet the rehabilitation needs were up more than $1,000,000 and miscellaneous accounts receivable were $500,000 higher at the end of 1941 than they were a year earlier. This latter presumably represented, at least to a considerable degree, funds due for the transportation of Government freight, payment for which is not on an immediate cash basis.

Now that cash has been replenished (any funds receivable from the Government may obviously be considered the equivalent of cash), and inventories of materials and supplies are adequate, the financial picture takes on a far brighter aspect. It is believed that this year the company will finally be able to liquidate its RFC debt which amounts to $2,300,000. Finally, higher revenues are beginning to be reflected more fully in net operating results. In January, net operating income was 125% above a year ago and in February the rate of gain widened to almost 200%.

An important element in the particularly spectacular gains, is the increased revenue received for each car load of freight handled, indicated above $90 a car in recent months compared with less than $80 a car a year ago. This reflects a larger proportion of high grade freight moving by rail under the war stimulus, heavier loading of cars, and, in some instances, longer haul on defense freight. These will continue as operating considerations at least throughout the balance of the war, and as they are not factors that involve proportionately higher handling costs, they result in the carry through of a large part of the revenue gain to net. Moreover, these results have been achieved without benefit of freight rate increases so it may be expected that the trend will be accelerated beginning with the March statement. There is obviously ample justification for the resurgence of confidence evident towards "Katy" bonds.

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(When Issued)

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Vail With WPB

CHICAGO, ILL. — James D. Vail, Jr., formerly a partner in Crane, McMahon & Co., has received an appointment to head the financial and business services branch of the office and services machinery department of the War Production Board in Washington.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜, low—14¾, last—38⅜.

Bank and Insurance Stocks

This Week—Insurance Stocks

News that the Justice Department Anti-Trust Division has begun an investigation of fire and marine insurance companies, as revealed March 9 by George P. Comer, economic adviser to the Division, has naturally created fears that the rate structure is threatened by Federal action.

Examination of Mr. Comer's statement before the Patman Committee will show, however, that insurance companies on a fair statement of the record have nothing to fear.

1. Mr. Comer said that one of the signs of monopoly is that companies can consistently earn around 6%.

He cited 1938 "total income" of $1,034,000,000 and losses paid of $397,000,000 leaving a margin of $637,000,000. In percentage terms, he said, losses were only about 38% of income leaving 62% for expenses, salaries and taxes.

In 1938, according to Best's tabulation, the figure mentioned by Mr. Comer, apparently referring to premium income of fire insurance companies, exceeded the actual total by more than $100,000,000. In 1938, net premiums written of fire companies were $750,961,000 for fire companies and $918,657,000 for all classes of carriers.

Actual losses of stock fire insurance companies have at no time in the past 20 years been less than 40%. In 1938, the loss ratio was 46.7%; average for the 20 years 1921-1940 was 51.7%, with high of 62.3% and only one year getting down close to 40% (40.4% in 1935).

In six of the 20 years, the companies sustained losses on underwriting, and for the full period, average underwriting profit was 3% on total earned premiums. In the last 10 years, average underwriting profit was 6.1%, but in the last five years, the simple average has been 4.4% and "weighted" average (giving most effect to latest years), has been 4.1%. The main reason for the 6.1% 10-year average is the 10.6% average for the three years 1933-1935, a concededly abnormal underwriting period. By contrast, the average profit for the first 10 years 1921-1930 was only 0.1%, losses being incurred in six of those 10 years.

2. In 1921, at the start of the 20-year period, average fire premium rate was $1.05. By 1930, it was down to $0.86 and declined further to $0.67 by 1940. This is a net decline of 36% in average premium rate in the last 20 years.

3. A high loss period appears to be in the offing for the companies.

During the war years 1914-1918, average loss ratio was 57.7%, ranging between high of 63% and low of 54.4%. Preliminary figures for 1941 covering 235 stock fire companies show a rise in incurred loss ratio to 53.2%, the highest since 1932.

This upward trend in losses is likely to continue for the duration, in view of the increased exposure to losses during wartime.

4. Casualty companies for the 20-year period 1921-1940 showed average underwriting profit of just 0.4%, losses being shown in 11 of the 20 years ranging as high as 6.6% loss in 1931. True, average profit for 1935-1940 was 5.5%, but the present trend of underwriting profits is also down for casualty companies. Loss ratio of 160 casualty companies for 1941 rose 1 point to 52.7%; average loss ratio for stock casualty companies was 51.9% in 1940 and 50.8% in 1939.

5. Any charge of "monopoly" merely because rates are determined by group experience and facilities ignores the fundamental that an adequate rate structure is linked by State regulation with soundness of the companies and safety to policyholders.

As Representative Halleck, member of the Patman Committee, said: "You cannot have public regulation and open competition too, and if you throw this business into open competition, you would have chaos." And Representative Ploeser, also a member of the Committee, said, in connection with Missouri Superintendent McKittrick's urging of open competition as a means of protecting small insurance companies: "Open competition would have the opposite effect, for the big companies can then survive. State regulation was instituted to protect small business." He added that it would be entirely too expensive to the public to force each individual company to maintain a separate rating bureau. "If they did, premiums would increase to three and four times what they are at present," Mr. Ploeser added. "Companies must get together on advisory rates anyway."

6. Proponents of Federal regulation of rates, such as Missouri Superintendent McKittrick, contend that States alone cannot regulate rates.

On the other hand, Representative Ploeser said that a State should be able to control the insurance business within its boundaries. "Without adequate State regulation," he said, "there will always be scavengers who come along and take the rates fixed by others. The State of Missouri is at fault in this fight with the insurance companies largely because it has an inadequate code."

7. Of chief interest to insurance stock investors in this matter is the attitude of the Department of Justice. Mr. Frank H. Elmore, Jr., attorney in the Anti-Trust Division, said that the Justice Department "disdains any interest in or advocacy of Federal regulation of the insurance business."

If so, then it would seem that the Department is only interested in evidences of monopoly. On this ground, insurance companies would appear to have a strong case on the record—both because State regulation insists on rates justified by loss experience and that necessarily involves group experience; and because of the operating record in the last 20 years and at this time of rising loss ratios.

Continuing our coverage of 1941 operating results, the following tabulation lists additional figures on premium volume gain, liquidating values, and operating earnings:

				—Oper. Earnings—				
	Prem. Vol.	—Liq. Value—		Und'g	Gain	Inv.	Inc.	Annual
Fire Companies—	Gain	1941	1940	1941	1940	1941	1940	Divs.
American Alliance	15.6%	$21.98	$24.44	—0.01	0.18	1.32	1.31	$1.20
American Equitable	7.8	†28.15	†29.13	—0.66	0.13	1.52	1.23	1.00
Baltimore American	6.3	7.21	7.74	0.25	0.07	0.48	0.44	0.40
Carolina	7.7	37.69	39.50	—0.28	0.04	2.28	1.84	1.40
City of New York	15.3	22.21	24.71	—0.33	—0.88	1.91	1.68	1.30
Federal	16.2	46.61	48.61	1.67	2.24	1.54	1.51	1.40
Franklin Fire	9.9	22.14	24.17	0.03	0.07	1.84	1.54	1.40
Georgia Home	13.5	36.97	38.46	—0.33	—0.28	1.90	1.57	1.30
Gibraltar Fire & Marine	11.0	24.49	27.45	—0.42	0.28	1.83	1.52	1.40
Globe & Republic	7.8	16.92	17.72	—0.38	0.07	0.86	0.67	0.50
Great American Insurance	19.0	‡27.87	‡29.74	0.29	0.46	1.20	1.18	‡1.20
Home	7.6	24.99	26.61	0.47	0.23	1.75	1.58	1.60
Homestead	10.5	*20.87	21.98	—0.23	—0.22	1.65	1.31	1.00
Knickerbocker	7.8	†14.75	†15.27	—0.29	0.05	0.77	0.60	0.50
Merchants & Manufact'rs	7.7	9.81	10.25	—0.18	0.03	0.56	0.43	0.40
Merchants Fire Co.	10.1	42.59	43.60	0.92	1.06	*1.94	*1.69	2.00
National Fire	14.7	*77.42	80.81	—0.04	0.81	2.62	2.75	2.00
National Liberty	6.3	7.08	7.61	0.15	0.03	0.46	0.42	0.40
National Union	15.6	200.98	205.97	11.05	6.69	8.56	8.27	5.00
New Brunswick	7.5	32.88	37.05	—0.53	0.12	2.25	2.12	1.80
New York Fire	7.8	19.51	19.79	—0.34	0.07	1.28	1.11	0.80
Northeastern	22.3	†11.95	†11.28	0.95	0.92	0.49	0.38	---
Paul Revere	9.7	26.49	28.89	—0.34	—0.07	2.00	1.71	1.40
St. Paul Fire & Marine	18.9	243.05	242.22	1.49	5.15	11.89	11.16	10.00

*"Convention" values. †Bonds amortized. ‡Including investing affiliate.

Corn Exchange Nat'l Bk. & Tr. Co.
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Dunne Decries Status Of Over-Counter Houses

(Continued from First Page)

soning period. This naturally makes life difficult for the many small dealers who depend on day-to-day trading and market-making for their livelihood.

"Quite some time ago the thinness of the exchange or auction market gave rise to a relatively new method of distributing blocks of listed stocks after the close of the exchange. Many non-member dealers participated in these 'dusk to dawn' offerings for a compensation of $1 to $2 per share. There ensued a good deal of loose talk about the large profits being made by the over-the-counter industry, and these off-the-board deals came to be looked upon by some interested parties as a menace to the exchange. Consequently, the new rules referred to as Special Offerings of Blocks, just recently put into operation, restrict the $1 or $2 per share profit to **exchange members only.** Referring to the special offering technique, one prominent financial writer considers that this has permanently solved the problem because he said in a recent article, 'the over-the-counter menace has been met.'

"Now, there is yet another cause of bewilderment to many in our end of the industry. In the discussions which have gone on within the industry for effecting change in the various Securities Acts, a great to-do was made in the press, about this being the first joint operation of all segments of the securities business. However, in view of this, many asked why no protection was afforded to the over-the-counter end of the business in the important matter of extending the scope of the unlisted trading privilege on exchanges.

"Perhaps coming up more often than any other, is the grievance of the little distributing firm out of town which does the merchandising, and who after much work and some expense gets a client sold on a particular security. For this effort he feels he is entitled to compensation of, say, 50 cents or $1 a share. However, the client, or hoped-for-client, before he consummates the business, wanders into the branch office of one of the big wire houses which often times never even heard of the security before. The wire house executes his order in one of the big centers on a commission basis, such commission being less than the profit the little dealer was attempting to get, and less than proper and reasonable compensation for his merchandising effort. Here the little dealer has done all the ground work, but the wirehouse gets the fruit of the little fellow's effort.

"Again, another common complaint is about the 'freeze-out' technique. In old-line seasoned securities this consists of making wider markets to dealers who might be termed competitors, and closer markets to houses that are simply executing an order. In new issues it consists of meeting requests based on clients' demands for pieces of the new offering, by stock answers—'oversubscribed,' 'will let you know,' etc.

"Now, if you consider the foregoing, and feel as I do, that there is a net residue of merit in these complaints, you might ask, what can be done about it. Frankly, I have no detailed plan to suggest. Various ideas have been put forward which do not, however, seem to cover the situation. For instance, the complete segregation of broker and dealer has been suggested. That step has long been considered as an ultimate possibility, but it is one which I am not as yet prepared to suggest. Similarly, I shrink from putting emphasis on the often advanced suggestion that, from the standpoint of public good, the chain store technique should not be carried further in the securities business. However, I do not favor such attitudes because they smack of retaliation, and I feel that we should not consider resorting to them until other solutions have been attempted. Perhaps I have in mind the advice that the old ward politician gave to his protege on one occasion. The younger man came to him full of anger in the midst of a campaign, because his opponent for office had said some rather disparaging things about him. The young fellow talked of suing his opponent for libel. The older, and I think the wiser man, said: 'I wouldn't do that, Jim. If you sue him for libel he is liable to prove it on you.'

"Of one thing, however, I do feel certain. If there exists a real willingness to solve the problems of the securities industry in a spirit of give and take, **a way can be found.**"

John W. Foster To Be Paine, Webber Partner

John W. Foster will acquire the New York Stock Exchange membership of William B. DeHaven, and will become a partner in Paine, Webber & Co., 25 Broad Street, New York City, as of April 9th. In the past Mr. Foster was a partner in Paine, Webber & Co.

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Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
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Associated Banks:
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Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
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Aggregate Assets 30th Sept., 1941 £150,939,354
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New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Strother B. Purdy to Archie Paley will be considered on April 9.

Transfer of the Stock Exchange membership of Archie B. Gwathmey, 2nd, to Albert Bradick, will be considered on April 9.

Milton A. Lasdon, general partner in Gutenstein & Lasdon, New York City, has become a limited partner in the firm.

Philip Spalding, Exchange member, has retired from partnership in Dixon & Co., Philadelphia, Pa. Mr. Spalding made his headquarters in the firm's New York office.

James C. Williams has withdrawn from partnership in Edmonds & Co., New York City.

Oliver S. Redfield has retired as a partner in Parrish & Co., New York City.

Samuel S. Rodman has withdrawn from partnership in Starkweather & Co., New York City.

S. J. Shanbacker will retire from DeHaven & Townsend, Philadelphia, on April 4.

Interest of Albin G. Penington, deceased, in Penington, Colket & Wisner, ceased as of March 23.

Interest of Lawrence Howe, deceased in Shearson, Hammill & Co. ceased as of March 17.

Interest of Frances O'Connor, deceased, in Winslow, Douglas & McEvoy ceased on March 17.

Kutch & Co., New York City, has been dissolved, effective March 21.

Clarence K. Grant With Guaranty Underwriters

(Special to The Financial Chronicle)

ATLANTA, GA. — Clarence K. Grant, formerly President of Grant & Company, Inc., has become associated with Guaranty Underwriters, Inc., whose main office is located at 310 West Adams Street, Jacksonville, Fla.

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The Securities Salesman's Corner

We All Like A Little Flattery— Make It Subtle—Some Ways To Do It

A securities salesman's life would be much easier and far less complicated if he didn't have to "sell" securities. But since the majority of people will not act on anything unless they are first motivated by the prompting of someone else, salesmanship is therefore an important factor in the financial and economic life of the entire country. In this respect, it is a strange condition which now exists in the financial markets of this country when practically all the expressions of the leaders of the financial industry and the governmental agencies as well, seem to advise almost every remedy under the sun to increase the volume of securities business and financial activity in general except the one thing that could probably do more in this respect than any other, that is—active, aggressive, salesmanship.

However, it is not the purpose of this column to pass opinions upon such matters. Our little job is to deal with the problems of the individual salesman as he goes about his rounds from day to day.

So let's get on with our subject for this week—subtle flattery. Since securities must be "sold" and it takes salesmen to sell them we must also admit that flattery is a part of salesmanship. After all, most people like us because we show them that we like them, or hold them in high regard, or esteem their opinions, or remember their birthdays and anniversaries, or show our interest in their children or because we find a common interest with them or other such things. Analyze these relationships and the actions that bring about a "liking" between individuals and you will find "flattery" at the root of it. And after all, what's wrong with flattery? Life is pretty short and hard enough for most of us and if someone comes along and makes us feel good for a moment who's to count the loss or gain?

Since it is our job as salesmen to recommend the proper investments and also to see to it that these suggestions which we make are acted upon, anything we can do to make this action more voluntary and pleasant upon the part of our customers is certainly to be desired. So here are a few tested receipes for "greasing the ways"—flattery is their basis but again we say "so what?" As long as the end justifies the means we're for it.

1. Always give the impression that your own financial rating of the investor to whom you are talking is higher than it really is. Even if you know he is an odd lot buyer, talk one hundred share lots. Or if he buys only one or two bonds of an issue, talk five or ten. Never underrate in this respect. We all like to have the other fellow think we are just a little bit bigger than we are.

2. Ask for advice or opinions. If a person is interested in golf, or machinery, or fishing, or has raised a family or any thing else that qualifies him as to experience—ask about it. Besides it's not a bad thing for the one who asks. It's surprising the amount of valuable information that can be acquired by asking others who have been through the mill.

3. Keep a record of the days that mean something to others and let them know you remember. Cynics can laugh all they want to at those people who keep date books of weddings, birthdays, etc., but those who keep track of these things and go to the trouble to let their friends know they remember add something worthwhile to living. At least, they show by their actions that "you" are an important enough person in their lives to at least remember you. The greeting card business did not grow into such gigantic proportions because the idea is no good. Statistics may be important but 10 cents worth of sentiment will sometimes go a lot farther than all the facts under the sun.

4. Let the other fellow talk. When he stops, ask him some questions about what he has said. Listen to HIM for a change. How much we all could practice this lesson and it would help our business if we would do it more often. Some expert salesmen once said, "let me get a man talking and before he knows it I've allowed him to talk himself into the sale." There is a time to talk—and that's just the point. Talk when there is a purpose to it—otherwise "silence is golden."

There is also a time to quit—so in our case we'll say, that's all for this week.

Eliminate Needless Overhead Says Purcell

(Continued from page 1322)

generally must limit itself in the use of commodities such as sugar, radios, automobiles and other consumer goods, your business must adjust itself to a contraction of the private financing which constitutes its very life blood.

"It is becoming apparent that industrial producers generally have failed to realize their full responsibility for financing the war. Instances are increasing where they have neglected to use their capital or credit for activities that are absolutely essential. The tendency has been to let the Government—and indirectly the public—assume all of the risk. By the same token these consumers of capital have reduced the demand for the financial services afforded by the investment banking industry.

"We recognize that capital is an essential material of war in the same or perhaps in a more basic sense than the materials which it produces. Its continued use in present or greater amounts, and without regard to the purposes of its employment, will rapidly reduce its availability. Therefore, it is clear that it must be conserved and its flow must be carefully guided to avoid waste or misuse. Should we permit a corporation at this time to sell notes to the public to increase its inventory account? Does not this very procedure smack of hoarding on a large scale?

"Recent disclosures before Congressional committees have highlighted what we have all noted with increasing concern. During time of war taxes upon excess profits are resorted to as a substantial aid in defraying the cost of war, but I am tearful that the shortsightedness of corporate management or its ingrained desire to reduce tax liability has given rise to many instances of capital waste.

"Many of our government contracts are based upon costs. This has always encouraged excessive salaries and bonus arrangements to management, excessive fees to agents, excessive advertising expenses, excessive payments for materials, and in some cases even excessive payments for labor. Some managements have seemed to adopt the attitude that since excess profits in large measure will not inure to the benefit of the owners of the enterprise they might as well build up costs, regardless of the need or justification for these excess costs. Should there not also be some check on such waste incidental to our program to conserve our capital funds?

"These are some of the immediate problems, but undoubtedly others of equal challenge will face us in the transition from a war economy back to a peacetime economy. Your obligations as an industry to help us successfully through that critical period will be equally as great as your responsibilities in time of war. Not only will they call for great breadth of vision but for sober restraint throughout the entire financial industry."

Clarence J. Reese, President of the Continental Motors Corporation, the other principal speaker, gave an encouraging description of the co-operation of industry in the war production effort. The dinner was presided over by Frank Dunne, President of the Association.

Lend-Lease For Mexico

A lend-lease agreement between the United States and Mexico was signed at Washington on March 27 by Acting Secretary of State Sumner Welles and Mexican Ambassador Castillo Najera. No details of the amount involved in the pact were disclosed but the Ambassador said it was a "substantial amount."

Another step in the military cooperation between the two countries was the recent opening of conferences of the Joint United States-Mexican Defense Board. The group conferred with President Roosevelt on March 25 on problems of mutual defense.

Purkiss Now Exec. V.-P.

LOS ANGELES, CALIF.—A. C. Purkiss has been appointed Executive Vice-president of Franklin Wulff & Co., Inc., 650 South Spring Street, and will be in charge of the company's statewide retail operations. Mr. Purkiss has been an officer of the Franklin Wulff & Co., making his headquarters in the firm's Los Angeles office.

Ga.-Fla. RR. Interesting

There is a particularly interesting situation at present in the 1st 6s, due 1946, of Georgia and Florida Railroad, according to a special memorandum just issued by B. S. Lichtenstein and Company, 99 Wall Street, New York City. Copies of this memorandum may be had from B. S. Lichtenstein & Co. upon request.

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Investment Trusts

MR. SMITH SHARPENS A PENCIL*

Mr. Smith bought a grocery store in 1936. Each year-end he sits down with pencil and paper to see how he's going. He had one bad year—1938. But each of the other five years has been from fair to excellent.

In fact, he's taking a good deal more out of the business now than he did the first year he owned it, and he is also improving the store and adding to his stock of merchandise out of earnings above his salary.

If Mr. Brown came along and offered Mr. Smith less than he paid for his store back in 1936, Mr. Smith would be indignant. Instead of selling his store, Mr. Smith would probably like to buy another that could do as well.

But Smith also bought some common stocks of big leading companies in 1933. The prices of these stocks are down sharply since then. And yet a little pencil work will demonstrate that his companies are doing very well indeed, compared with 1936 when he bought their stocks.

Take, for example, the stocks of ten well-known companies, including one metal company, two steels, two railroads, two electrical equipments, one retail, one oil, and one chemical. Assume Mr. Smith invested an equal number of dollars in each of them at the mean between the high and low prices of 1936.

Earnings of this ten-stock investment are estimated to have been 55% higher in 1941 than they were in 1936 when he bought it. Dividends were 37% higher than in 1936. But mean prices for the year were 26% lower. And at the end of February, 1942, prices were still lower.

Moreover, if Mr. Smith compared present prices with the highs, instead of the means, for 1936 and 1937, the decline would be very much greater.

Mr. Smith believes the United States is going to win the war. He also believes the people in this country are going to continue to own their own homes, their own farms, and their own businesses.

So he's trying to find someone who wants to sell him another good grocery store cheap, and he's about ready to buy some more good stocks which also seem cheap when he puts the figures down on paper.

Investment Company Briefs

The Treasury's 1942 tax plan has been the subject of considerable comment in recent investment company literature.

Calvin Bullock's *Bulletin* for March 19 commented that though the final form of the bill might not be known for several months, we have two premises to go on now; first—that we face the largest tax bill in history, and second—that the profits of most industries and corporations will be restricted. "But," *Bulletin* continues, "even if one realistically concedes that downward revisions in profits and dividends are in store for many corporations, one must also concede that in many cases this situation appears to have been discounted in the quotations for their stocks. The Dow-Jones Industrial average on March 11, 1942 closed at 99.21. On only one other day since March 1935 had the average closed below 100. That was on March 31, 1938 when a closing level of 98.95 was recorded. By way of contrast, the Federal Reserve Board Index of Industrial Production was 84 in March 1938 against an estimated 170 in January 1942!"

Abstracts, published by Lord, Abbett & Co., asks if it would be too unbelievable to say that the 1942 tax bill is one of the most encouraging political developments seen in a long time.

Abstracts says, "Improbable or not, there are good grounds for the statement. It refers, not to the proposed rates (which should surprise no one in any event), but to distinct evidence of greater emphasis on American ideas of fair play. The way you are taxed counts more than how much you are taxed. The Boston Tea Party arose from a tax which, as to amount, was of no importance whatever."

As proof of this greater "fair play" *Abstracts* lists the following as among the proposals to remove some of the needless tricks and obstacles of tax calculation and collection:

(Continued on page 1333)

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*Adapted from an article in *The Selected Investor*, published by Selected Investments Company, sponsors of Selected American Shares, Inc.

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BARNSDALL OIL COMPANY

and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1941

ASSETS

Current Assets:		
Cash	$2,145,740.87	
U. S. 2½% Treasury Bonds, 1972-67, at Cost	68,800.00	
Accounts Receivable	1,211,136.06	
Inventories of Crude Oil, at Market	815,034.37	
Inventories of Oil Products, at Market	158,314.86	
Inventories of Supplies, etc., at lesser of Cost or Market	815,442.60	
Total Current Assets		$5,214,468.76
Employees' Stock Subscriptions Receivable (45,609 Shares, 1941)		189,898.84
Investments in Stocks, Bonds and Mortgages of Other Companies, at Cost or Adjusted Values:		
Bareco Oil Company, Note Receivable	$2,461,409.15	
Bareco Oil Company, Common Stock	42,433.75	
Other Investments	202,386.18	
		2,706,229.08
Barnsdall Oil Company Stock Held by Subsidiary Not Wholly Owned, 8,740 Shares, at Par		43,700.00
Fixed Assets:		
Plant and Equipment, at Cost	$35,779,194.40	
Less: Reserve for Depreciation	21,847,976.58	
	$13,931,217.82	
Oil and Gas Leaseholds, Developed and Undeveloped	1.00	
		13,931,218.82
Deferred Charges to Operations:		
Prepaid Expenses, Advances, etc.		389,642.21
Total Assets		$22,475,157.71

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:		
2¼% Serial Bank Loans due in 1941	$400,000.00	
Purchase Obligations due in current year	132,757.00	
Accounts Payable	1,064,692.54	
Accrued Expenses	67,061.39	
Accrued Taxes, State and Federal	621,798.08	
Total Current Liabilities		$2,286,309.01
Loans from Brokers on Employees' Stock Subscriptions (27,338 Shares, 1941)		144,860.01
Deferred Liabilities:		
2¼% Serial Bank Loans, due Sept. 2, 1943 to Sept. 2, 1946	$3,000,000.00	
Miscellaneous Purchase Money Obligations	140,000.00	
		3,140,000.00
Capital Stock and Surplus of Subsidiary Company Not Owned by Barnsdall Oil Company:		
Capital Stock	$66,059.00	
Surplus	20,582.97	
		86,641.97
Capital Stock (Par Value $5.00 Per Share):		
Authorized 4,000,000 Sh.—Issued 2,258,779 Sh.		
Held in Treasury Dec. 31, 1941 26,900 Sh.		
Outstanding Dec. 31, 1941 2,231,879 Sh.		11,159,395.00
Surplus:		
Capital Surplus	$1,976,719.24	
Earned Surplus, since Dec. 31, 1940	3,681,232.48	
		5,657,951.72
Total Liabilities, Capital Stock and Surplus		$22,475,157.71

Consolidated Statement of Income and Earned Surplus

For the Year Ended December 31, 1941

Gross Operating Income		$11,058,597.00
Operating Charges:		
Costs, Operating and General Expense	$4,351,156.30	
Taxes, General	702,451.53	
		5,053,607.83
Net Operating Income		$6,004,989.17
Non-Operating Income:		
Dividends and Interest		139,849.51
Income Before Deductions		$6,144,838.68
Deduct:		
Interest		229,824.28
Profit Before Other Deductions		$5,915,014.40
Other Deductions:		
Depreciation	$1,302,296.80	
Lease Purchases	1,009,882.52	
Intangible Development Costs	807,570.17	
Profit Applicable to Minority	14,100.68	
		3,133,850.17
Net Profit from Ordinary Operations		$2,781,164.23
Non-Recurring Profit from Sale of West Texas Leases		2,515,996.52
Total Profit Before Federal Income Tax		$5,297,160.75
Provision for Federal Income Taxes		270,958.74
Net Profit Accrued to Company		$5,026,202.01
Earned Surplus at Beginning of Year		----
		$5,026,202.01
Less: Dividends Paid	$1,349,983.80	
Portion of Dividends paid to Subsidiary Company	5,014.27	
		1,344,969.53
Earned Surplus Since December 31, 1940		$3,681,232.48

Capital Surplus

Capital Surplus, December 31, 1940		$1,926,083.87
Add:		
Realization of Assets previously charged to Capital Surplus	$148,619.74	
Excess of cost over par previously written off, of Treasury Stock used in acquisition of property	25,563.44	174,183.18
		$2,100,267.05
Deduct:		
Excess of cost over par of Treasury Stock acquired during year	$105,121.00	
Barnsdall Oil Company portion of excess cost over par of Barnsdall Oil Company stock purchased by a subsidiary company not wholly owned	16,912.28	
Barnsdall Oil Company portion of excess cost over par to a subsidiary company not wholly owned of its own stock purchased	1,514.53	123,547.81
Capital Surplus, December 31, 1941		$1,976,719.24

Our Reporter's Report

(Continued from first page)

The project, when as and if it develops, is expected to involve new securities in the total of about $22,500,000. It would be an outgrowth of the reorganization plan for the group of properties, put forward by New England Public Service Co. which controls the situation.

This plan looks toward the segregation of certain industrial properties from the utilities involved with the five present operating companies giving way to three units.

International Telephone Issues

Outstanding obligations of the International Telephone & Telegraph Co., the 5% debentures, due in 1955, and the 4½s, due in 1952, have been the center of quiet but persistent demand which has found offerings not too plentiful.

Both issues continued to move into new high ground this week, giving rise to a series of reports. Doubtless expanding business and consequent increased coverage of interest needs explains much of the strength.

But then there have been reports also of possible developments which may pave the way for a call for tenders of a substantial amount of the bonds, though those discussing such possibilities do not venture to suggest a price.

Treasury Financing Plans

The next several days should bring into the open Secretary Morgenthau's plans for the next financing undertaking of the Treasury.

Institutional buyers naturally are awaiting with interest the impending announcement to ascertain to what extent the Treasury intends to employ certificates of indebtedness in its plans.

This form of Treasury debt has not been used for a considerable time, but being short-term paper was popular with the banks when it was in use some years ago.

Port Authority Financing

With the municipal market taking on a better hue it would not be surprising to find the Port of New York Authority coming into the market in the near future for new funds.

The inference was strong in the agency's annual report that such an undertaking is well along in the discussion stage, with indications that only a satisfactory market is needed.

The Authority reported that plans for its vast union motor truck terminal have been completed to cover the first unit, and that the necessary financial and economic studies have been made. This suggests to observers that the operation may be near at hand.

Detroit Bonds Sold

Detroit is nearing the end of the vast refinancing launched several years ago. Bankers Trust Co. of New York headed a group which successfully bid in $16,758,000 of the city's refunders, paying 100.055, or a 2.7239% rate for the bonds.

Two other groups entered bids, the second highest indicating an interest cost of 2.78% and the third a rate of 2.839%.

With this operation completed there remains a balance of only about $17,000,000 still to be refunded.

Reynolds To Admit Clark

William H. Clark will become a partner in Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, effective April 9th.

UP-TOWN AFTER 3

MOVIE-PRE-VIEWS

"Butch Minds The Baby" (Universal), with Virginia Bruce, Brod Crawford, Dick Foran, Baby Michael Barnitz, Shemp Howard, and others. Directed by Albert S. Rogell. . . . In "Butch Minds The Baby," the second of the Damon Runyon productions, first was "Tight Shoes," Universal has as delightful a farce as this reviewer has seen in many a month. The Runyonesque characters, "Squinty" Sweeny, Butch, and Harry the Horse are with few exceptions sharply etched. Even if people don't speak or act in actual life as these do, they are faithful replicas of the sort of characters Runyon writes so amusingly about. Beginning with a "coming out" party for Big Butch, who has been a guest of the city in Sing Sing, the story moves merrily along to describe the adventures of the lumbering big-hearted safe cracker and his love for a baby who belongs to the widowed Virginia Bruce. It all begins because Butch, now a three time loser, has to have a legitimate job to satisfy parole requirements and must keep out of trouble otherwise the Baumes Law will get him. So he becomes the janitor of a brownstone walkup. What chances he takes with the law are all for the baby. One of the most amusing characters in the story is "Squinty" Sweeny, an ex-bootlegger, who believing the slogans on the gin he sold in prohibition days, sampled his products and became blind. Ordinarily there is nothing funny about such an affliction but the antics of Squinty will literally make you roll in the aisle. There is a secondary plot, a kind of love story where the young and ambitious cop feels that way about the pretty widow. The main story, however, revolves around Butch, the baby, and Butch's pals. One sequence, where Butch takes the baby along to a safe blowing job, is a gem of hilarity. . . . **"Fingers At The Window" (MGM), Lew Ayres, Laraine Day, Basil Rathbone, and others.** A poor mystery yarn in which a sinister series of murders are solved by an out-of-work actor. Laraine Day, playing a Gracie Allen kind of role, is one of the people to be murdered, but Lew Ayres steps in, shows up the police, solves the crime and marries the girl.

RESTAURANT

The Barberry Room (E. 52nd), lorded over by that beetlebrowed son of the auld sod, Jim Moriarty (he speaks two languages—Gaelic and profane), is still one of the nicest spots in the East 50's. Elegance with a capital "E" is the word for the Barberry. Cuisine and service are top drawer stuff but its decor is what sets it aside. Designed and decorated by the temperamental Norman Bel Geddes, its beauty is something to behold. A high ceiling is made to appear still higher by a system of "dark" spot lighting which makes the ceiling look like a distant sky out of which pin point lights appear. Mirrored walls enhance the illusion. Even the cutlery, a sort of simulated gold, carries out the effect of elegance. Primarily a dining spot, the Barberry is the original rendezvous of the town's gin rummy addicts. They don't start in earnest, however, until after dinner. On first sight the room looks immense but it's really small. So if you're planning to go there better make reservations in advance. Ask for Carlo.

NIGHT CLUB

Among the top spots on New York's East Side, **El Morocco (154 E. 54th)** is easily at the head of any list. Night clubs come and go, but the zebra-striped El Morocco, in its tenth season, continues to attract the people who make Page One news. From an unprepossessing entrance, watched over by an Arab in burnoose and a doorman made up to look like a member of what was once the French Foreign Legion, you walk into a lobby, the lighting of which was designed to make ordinary women beautiful, and beautiful women positively breathtaking. On the left is the room itself, the famous El Morocco, run by the black-eyed John Perona. In the center under twinkling lights is the dance floor. But most of the people who come here are not interested in dancing. They come to see and be seen. If any movie, radio, stage, society or big business people are in town you'll find them here sooner or later. For example, the night I was there I spotted the Byron (Chrysler) Foys, the Harvey and Roger Firestones, the John Jacob Astors, Vincent Bendix, and the Frank Hales, just to name those I could recognize. From the show world there was Randolph Scott, Errol Flynn, Bruce Cabot, Dorothy Lamour, and George Raft. There were plenty of others but what with the jam that's all I could spot. A few sentences back I wrote that people here were not interested in dancing. That is not true of Frank Hale and the new Mrs. Hale. For a guy, who is a yeast tycoon (President of the National Yeast Co.), Frank can do a wicked rhumba. Of course, if I had a partner like Mrs. Hale (she's the former Patty Lee—a luscious blonde), I could show them something, too! Oh yes, the new glamour girl, Oona O'Neill (daughter of Eugene O'Neill) was here, too. If you ask me how one becomes a glamour girl in times like these I refer you to glamour-girl-maker No. 1, Chic Farmer and photographer Murray Korman. The big place of interest at the Morocco is the round table at the right of the bar around which the current wolves gather. If a member of the pack comes in with a new girl, room is promptly made for her at the table where all can see and admire. The current occupants of the round table (anyway, current when I was there) were Tommy Manville, Peter Arno, John Perona, Huntington Hartford, Burgess Meredith and that South American millionaire Macoca. I almost became a member too, but just then I saw somebody and instead of becoming a wolf I was forced to become a lamb.

On Florida Trip

L. H. Rothchild, of L. H. Rothchild & Co., Marshall Dancy of B. J. Van Ingen & Co., Inc., of New York City, and Charles Stevens of Arthur Perry & Co., Boston, are leaving on a combined business and pleasure trip to Florida.

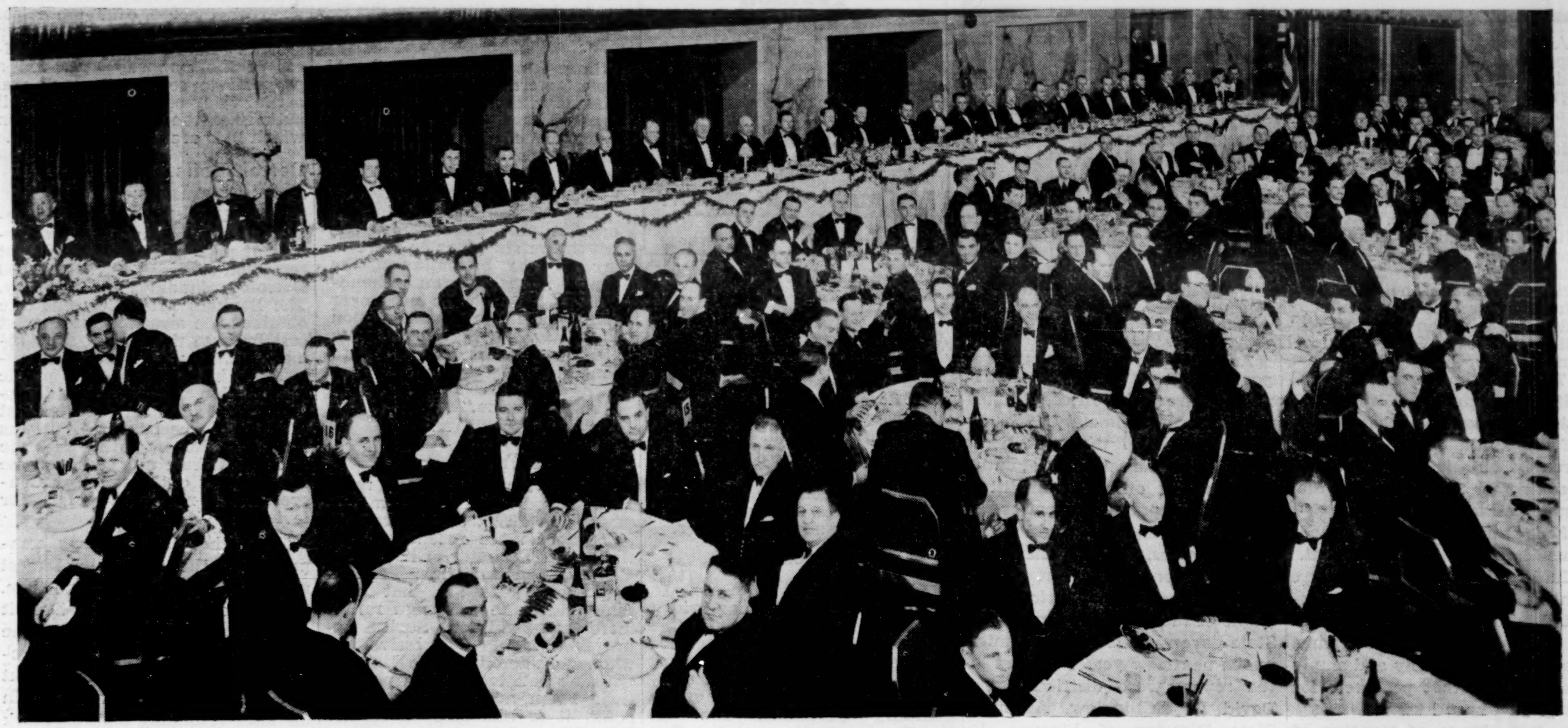
The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

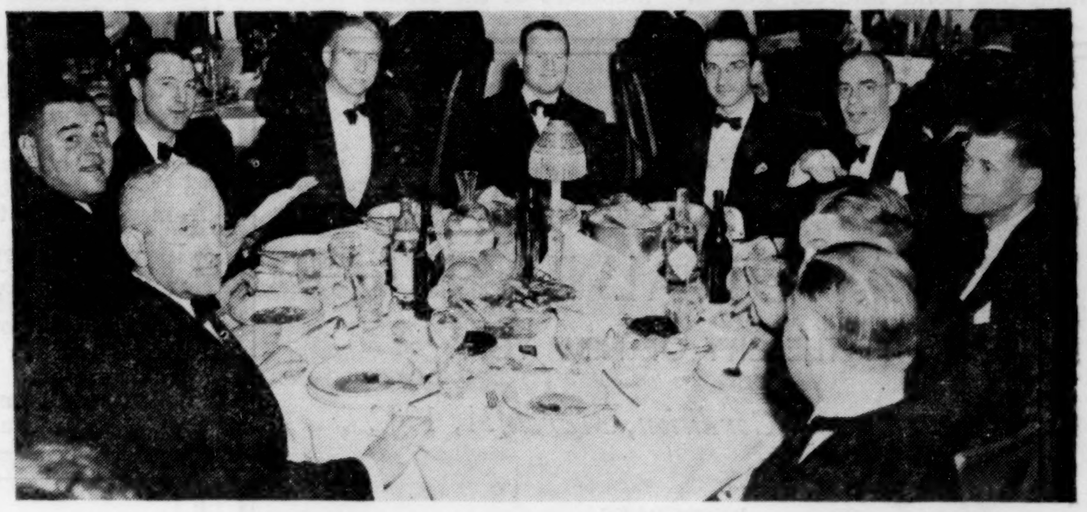
A most unique restaurant in a beautiful location, overlooking Central Park to the north.

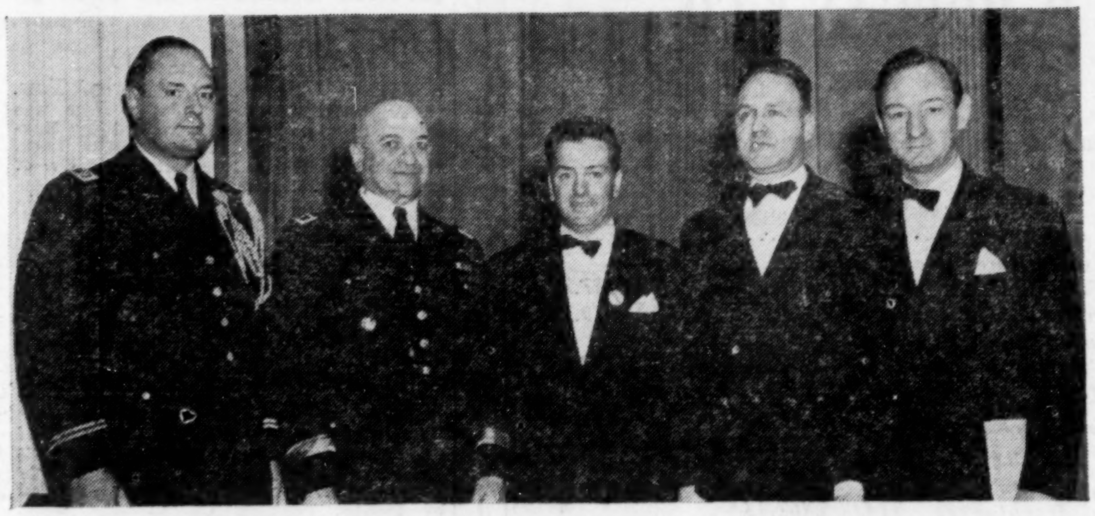
Serving best food, skilfully prepared.

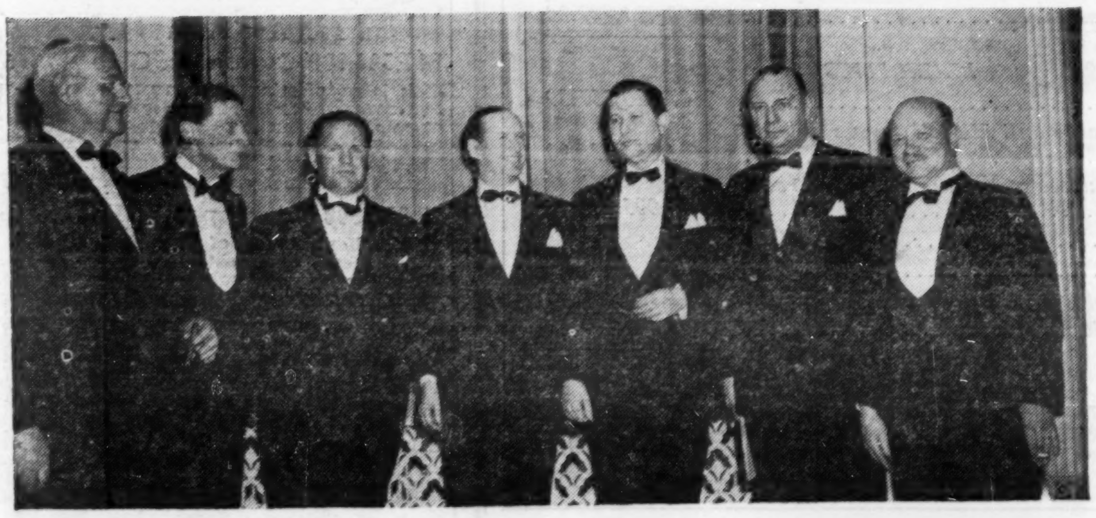
Telephone PLaza 3-6910

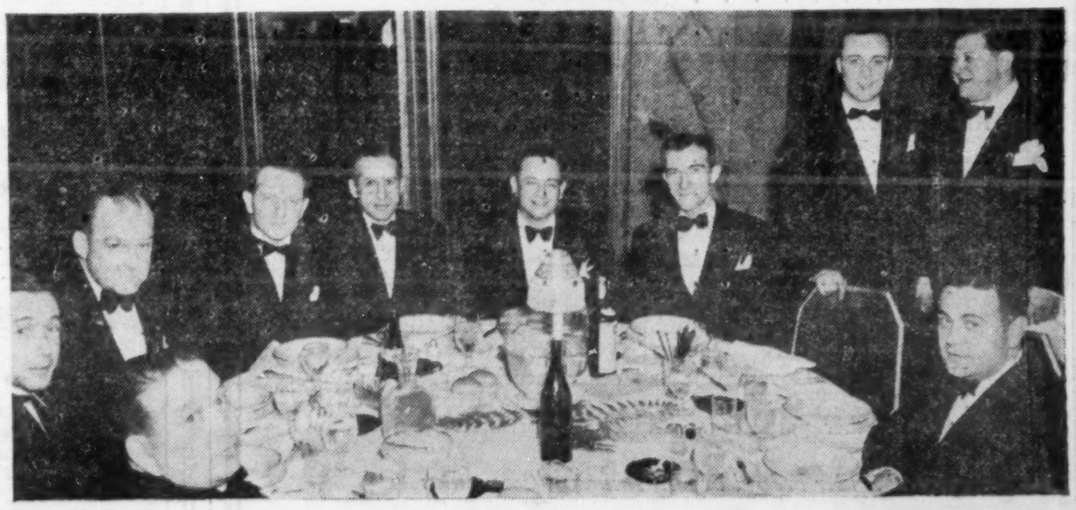
The Waldorf-Astoria « At New York Security Dealers Association Dinner » March 26, 1942











Municipal News & Notes

A succession of witnesses who appeared before the House Ways and Means Committee in Washington last Friday and Saturday in opposition to the Treasury proposal for Federal taxation of State and local government bonds, testified in substantial agreement to the following points:

The plan promises no material, early Federal revenue.

Its main promise is heavier expense for the State and local governments, impairment of their capacity to finance their own requirements, and an extension of Federal penetration into and Federal control over State and local management.

They left the committee, thus, with an announced revenue-raising proposition whose chief effect would be a change, strongly objected to by those speaking for the States and the municipalities, in the established and publicly cherished American form of government.

Municipal bond prices were firm as the testimony was reported. Municipal men were of the opinion that the case against taxation had been ably and amply presented and that prospects for passage had been lessened.

Possible effects of taxation of municipal bond interest was indicated last month when prices declined sharply following the first intimation by Secretary Morgenthau that he would ask Congress to tax all exempt bonds.

Large Tax Loss to Illinois Seen From War

Backing up its argument against pending legislation to exempt arms materials from various State taxes, Illinois officials last week sent to Congress a detailed analysis of its probable war-time revenue losses, showing that the State already faces crushing financial problems because of the arms program.

According to the four-page report, prepared by the State Finance Director's office, Illinois will lose approximately $36,000,000 in taxes in the next fiscal year, due to the rationing of automobiles and other commodities, and reduced purchasing power resulting from higher Federal taxes.

The figures, although they pertained to one State out of 48, were regarded as a prime example of the difficulties which all State governments will encounter in the next few years. Copies of the report were distributed by David L. Shillinglaw, Assistant State Director of Finance, to members of the House Ways and Means Committee and the Rules Committee.

Illinois has been in the forefront of the battle to defeat the legislation barring war materials from State taxes. It has been conservatively estimated that the State would lose an additional $50,000,000 in revenue if the bill is passed.

Under the measure in its original form, government contractors would have been freed from paying State sales, income, gasoline, gross receipts and utility taxes.

Authority Revenues Reported Up

Statistics of the leading bridge, tunnel and highway authorities and commissions, now watched closely for evidences of declining motor traffic, showed generally continued year-to-year gains in February operations. The outstanding exception was the Triborough Bridge Authority which has a relatively small proportion of its traffic in truck and commercial classifications.

February revenues of the Triborough Authority totaled $338,543 against $368,881 for the 1941 month. This authority derived 95.5% of its total 1941 revenues from passenger traffic.

Alberta Interest Coupons Seen Subject to Limitations

Interest coupons on the bonds of the Province of Alberta, Canada, direct and guaranteed, may be outlawed under the Alberta statute of limitations unless they are cashed prior to the expiration of six years after their respective due dates.

This is revealed in a report to bondholders issued by the Bondholders' Committee over the signature of J. M. Macdonnell, Chairman.

Since June, 1936, when the Alberta Government first arbitrarily reduced interest on its bonds, the Bondholders' Committee has recommended that holders of Alberta bonds should refrain from cashing coupons at the reduced rates.

However, in view of legal opinion that interest coupons which are six years or more in arrears may be outlawed, the committee is informing bondholders "that it can no longer continue its recommendation that they should refrain from cashing coupons from time to time at the reduced rate where such coupons are near to six years in arrears."

Canadian Bonds Find Increased Favor

Foreign bond men have noted a quickened interest in Dominion of Canada direct and guaranteed obligations since recent completion by that country of its Second Victory Loan campaign. Preliminary indications are that bond sales under the campaign ran to more than $1 billion. Such a figure is a highly impressive one when considered in the light of Canada's relatively small population. From a per capita standpoint, it is like sale of around $12 billion of bonds at one time in the United States. It is understood that subscribers to the new bonds numbered around 1,600,000, as compared with less than a million for the earlier loan.

Cleveland Seeks Bond Bids

Bids will be received up to April 9 by the City of Cleveland for $17,500,000 transportation system revenue bonds which are to be issued to provide funds for purchasing the Cleveland Railway Co.

Bonds are not general obligations of the city. Interest and principal payments on the bonds are to be met from revenues of the transportation system which will be owned and operated by the city.

Sale of the bonds will follow a six-year dispute over municipal ownership of Cleveland's traction system. Late in 1941 stockholders of the company approved a proposal to sell to the city and earlier this year the City Council authorized the issue of bonds on which bids are now being asked.

Detroit Sells Refunding Issue:

Reflecting the widespread demand for good municipal offerings at present was the excellent reception accorded the $16,758,000 Detroit refundings on Tuesday. The Bankers Trust Co. syndicate obtained the award at an interest cost basis to the city of approximately 2.72%: the bonds were reoffered immediately for public subscription and found a wide demand. It is evident that this test of the tax-free bond market was a success, demonstrating that the municipal fraternity has become increasingly optimistic that Congress will reject proposals for levies.

Two other large groups competed for the issue, the largest municipal flotation in some time. This piece of financing by Detroit will bring nearly to a close the city's long range refunding program which was started about five years ago. There will remain for later refunding another block of slightly over $17,000,000, but these will not be offered until the current issue has been distributed, according to Charles G. Oakman, City Controller.

This is in accordance with the city's customary policy of protecting the market for Detroit bonds while distribution is in progress, he states.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

April 2nd (Today)

$500,000 (tentative) Austin, Tex.

In August, 1940, the previous issue was awarded to a syndicate headed by Harriman Ripley & Co., Inc., of New York. Runner-up was the Northern Trust Co. of Chicago, and associates.

April 6th

$900,000 Kansas City, Mo.

Syndicate headed by the First Boston Corporation obtained the award of the water revenue bonds offered last July. The present offering consists of municipal airport bonds.

April 7th

$478,800 Troy, N. Y.

This offering is included here because of the interest normally shown in the city's sales by many houses. Last April, Troy awarded a larger issue to a group headed by Phelps, Fenn & Co. of New York. Second best bid was entered jointly by Halsey, Stuart & Co., Inc., and Blair & Co., Inc.

April 9th

$17,500,000 Cleveland, Ohio

This is an offering of transportation system revenue bonds. The city sold sewage disposal bonds on March 26 to a syndicate headed by the Northern Trust Co. of Chicago. Second best bid submitted by Blyth & Co., Inc., and associates.

$2,989,500 Minneapolis, Minn.

Phelps, Fenn & Co. of New York headed the syndicate which obtained the award of the bonds offered last December. Numerous other bids were submitted for the two portions of bonds offered on the same date.

April 13th

$493,000 Ramsey Co., Minn.

This offering is included here because it is just below the required minimum; also, this call for bids attracted wide attention. The county awarded bonds last July to a syndicate headed by the First National Bank of Chicago. Second best bid by Kalman & Co. of St. Paul, and associates.

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

INVESTMENT SECURITIES
R. E. CRUMMER & COMPANY
1ST NAT BANK BLDG CHICAGO ILLINOIS

THE CHASE
NATIONAL BANK
OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1942

RESOURCES

Cash and Due from Banks		$1,254,614,212.64
U. S. Government Obligations, direct and fully guaranteed		1,417,882,545.18
State and Municipal Securities		129,334,801.56
Stock of Federal Reserve Bank		6,016,200.00
Other Securities		190,728,145.63
Loans, Discounts and Bankers' Acceptances		830,805,951.76
Banking Houses		37,506,299.93
Other Real Estate		6,991,907.40
Mortgages		8,091,008.64
Customers' Acceptance Liability		3,869,157.06
Other Assets		13,598,310.34
		$3,899,438,540.14

LIABILITIES

Capital Funds:		
Capital Stock	$100,270,000.00	
Surplus	100,270,000.00	
Undivided Profits	43,042,790.56	
		$ 243,582,790.56
Reserve for Contingencies		11,378,181.79
Reserve for Taxes, Interest, etc		3,152,304.45
Deposits		3,628,256,645.35
Acceptances Outstanding		4,725,756.73
Liability as Endorser on Acceptances and Foreign Bills		413,824.79
Other Liabilities		7,929,036.47
		$3,899,438,540.14

United States Government and other securities carried at $372,136,656.30 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition March 31, 1942

ASSETS

Cash on Hand and on Deposit in Banks		$230,318,781.91
United States Government Securities, Direct and Fully Guaranteed		318,023,387.72
State and Municipal Bonds and Notes		35,691,019.74
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		20,478,158.18
Loans and Bills Purchased		68,889,194.56
Accrued Interest, Accounts Receivable, etc.		2,139,920.34
Investment in Banking Premises		4,000,000.00
Liability of Customers on Letters of Credit and Acceptances	$14,005,862.13	
Less Prepayments	54,437.36	13,951,424.77
Total Assets		$693,491,887.22

LIABILITIES

Deposits		$637,020,357.39
Accounts Payable and Miscellaneous Liabilities		1,251,126.90
Acceptances Outstanding and Letters of Credit Issued		14,005,862.13
Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	1,214,540.80	41,214,540.80
Total Liabilities		$693,491,887.22

United States Government obligations and other securities carried at $19,490,486.73 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

April 2, 1942.

...THE...
PHILADELPHIA NATIONAL BANK

Organized 1803

March 31, 1942

RESOURCES

Cash and due from Banks	$292,650,736.75
U. S. Government Securities	227,206,143.12
State, County and Municipal Securities	18,271,772.22
Other Securities	39,966,537.14
Loans and Discounts	94,383,559.20
Bank Buildings	2,727,500.00
Accrued Interest Receivable	2,139,382.76
Customers Liability Account of Acceptances	1,731,080.00
	$679,076,711.19

LIABILITIES

Capital Stock	$14,000,000.00
Surplus and Net Profits	32,536,119.16
Reserve for Contingencies	3,550,145.25
Dividend (Payable April 1, 1942)	875,000.00
Reserved for Taxes and Interest	1,496,474.00
Unearned Discount	182,386.40
Acceptances	2,816,421.48
Deposits	623,620,164.90
	$679,076,711.19

EVAN RANDOLPH, *President*

CHARLES P. BLINN, JR., *Executive Vice-President*

JOSEPH WAYNE, JR., *Chairman of the Board*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

SOUTHERN RAILWAY COMPANY

Forty-Eighth Annual Report for the Year Ended December 31, 1941

Richmond, Va., March 25, 1942.

To the Stockholders of

SOUTHERN RAILWAY COMPANY:

The Board of Directors submits the following report of the affairs of the Company for the year ended December 31, 1941, which is the annual report it is contemplated formally to present to the stockholders of the Company at the annual meeting due to be held on May 19, 1942.

1941 Was a Year of Sustained Activity and of Increased Operating Efficiency

The defense activity, already at a high mark in the last quarter of the year 1940, mounted steadily during each month of 1941. In December the Company was called upon to take its part in the war effort of the Nation.

A railroad's activity is illustrated most readily by the number of tons of revenue freight moved and by the number of passengers transported; its efficiency by the relative costs of its operations.

Applying these criteria to 1941, the year showed substantial increases in activity. Freight volume increased 31.18% and passenger volume 48.97% over 1940.

Freight constitutes the bulk of the railroad's business, and in 1941 Southern Railway Company broke its freight records for all time, handling 10,558,709,260 ton miles of revenue freight, or 17.02% more than its previous high record of 1926, and received therefrom gross revenues of $116,520,375, or 3.32% more than in 1926.

Southern transported the year's business with increased operating efficiency and at a transportation cost in 1941 of 31.09¢ out of each dollar of gross revenue, the lowest in the Company's history, comparable to 33.87¢ in 1940 or 33.36¢ in 1926, the latter year having recorded the previous low for this ratio.

Heavier car and train loading, longer runs, lower coal consumption and the lowest recorded percentages of casualties and of loss and damage to lading all contributed to this result.

The Company's operating ratio, including all operating expense, except taxes and equipment and joint facility rents, was relatively low, being 63.28¢ out of each dollar, as compared to 63.81¢ in 1940 and 69.38¢ in 1926.

These results were attained, the business was thus handled and the property adequately maintained, notwithstanding the fact that the Company owned in 1941 approximately 31% fewer locomotives and 34% fewer freight cars than in 1926, that the average number of employees was some 35% less than in 1926, and that labor rates increased as between the two periods, that is, as of December 31st in each year, by approximately

46% for Maintenance of Way,
37% for Maintenance of Equipment,
29% for Transportation Employment.

Furthermore, tax accruals in 1941 were $15,552,068 as against $10,351,100 in 1926, an increase of 50.25%.

That the property was thus operated at a relatively lower cost is attributable to many factors, among them:

(1) The improvement in the art of railroading, especially in the development of labor-saving devices and techniques, and to the installation thereof on the property through the years at large capital cost, such as improved shop machinery, feed water heaters, spring switches, modern roadway machines, automatic water pumps and numerous other mechanized devices.

(2) The productive capacity of the Company's present motive power and the increased capacity of its new freight cars acquired within the last five years, Southern Railway Company during such period having acquired 15,509 modern freight cars, thus giving it a large percentage of "new" cars five years or less in age.

(3) The continued program of long life tie renewal, due to which the property was better maintained in 1941 by means of only 1,583,200 cross tie renewals than by the renewal of 3,548,599 ties, largely untreated, effected in 1926, a decrease of 55%, and, similarly, by the use of 7,195,000 FBM (board feet) of switch ties in 1941 as compared with 11,532,000 FBM in 1926, a decrease of 38%.

(4) The long term program of trestle filling, with the result that in 1941 there were applied only 13,044,746 FBM of lumber, as against 20,574,623 FBM in 1926, a decrease of 37%. In 1941, due largely to this program, the Company had to maintain only 256,520 lineal feet (48.58 miles) of open deck trestles, as compared with 460,621 feet (87.24 miles) in 1926, a decrease of 44%.

(5) The continued program of abandonment of unprofitable branch line mileage and the retirement of large numbers of obsolete side tracks and unused structures, with the consequent savings in unnecessary maintenance.

(6) The improvement in efficiency of personnel and the high morale of the whole organization.

(7) Comparatively ideal weather conditions from a railroading standpoint in 1941, together with the aid of continuous and conscientious supervision, prevented serious operating casualties throughout the year.

Due to these factors, and to the extraordinary war activity which produced this large volume of traffic, the Company was able in 1941 to carry down into Net Railway Operating Income the largest proportionate amount of Gross Revenues in its history, leaving available for other corporate necessities 23.43¢ out of each dollar of operating money it took in, after providing for operating expenses, taxes and equipment and joint facility rents.

The story of the year in detail follows:

The Year's Business

The revenue from the operation of the railroad in 1941 was $139,926,434, an increase of $34,021,039, or 32.12% over 1940, freight revenue increasing $27,928,715, or 31.53% over the previous year, and passenger revenue increasing $5,055,088, or 55.08% over 1940.

The following comparative statistics illustrate the current traffic conditions:

	1941	1940
Freight moved (tons)	50,613,150	38,416,299
Average distance moved (miles)	208.62	209.53
Ton miles	10,558,709,260	8,049,214,280
Average revenue per ton mile	1.104¢	1.101¢
Total freight revenue	$116,520,375	$88,591,660
Number of passengers	5,311,826	4,234,270
Average journey (miles)	148.30	124.89
Passenger miles	787,760,102	528,817,231
Average revenue per passenger per mile	1.807¢	1.736¢
Total passenger revenue	$14,232,778	$9,177,690

Operating Expenses increased $15,677,132, or 21.51%, over last year, while Railway Tax Accruals increased $7,160,585, or 85.33%, bringing the Company's tax bill to $15.552,068, or approximately five and a quarter million dollars more tax liability than for any year in the Company's previous history.

The expenditures out of the dollar of revenue for the several general heads of Operating Expenses, stated comparatively, were as follows:

	1941	1940
Transportation of the traffic	31.09¢	33.87¢
Maintaining roadbed and structures	10.00¢	12.35¢
Maintaining rolling stock	17.46¢	17.00¢
Traffic solicitation and supervision	1.53¢	1.86¢
General expenses	2.50¢	3.11¢
Operating dining cars and other incidental services	.70¢	.62¢
Totals	63.28¢	68.81¢

In addition to the large increase in Tax Accruals two other extraordinary increments in the bases of expense in 1941 as compared with the previous year were (1) increased wages growing out of the Mediation Wage Award applicable to the last four months of 1941, which for those four months increased Operating Expenses by $2,197,886, and (2) increased prices of fuel, applicable for varying periods throughout the year, amounting to $675,140.

The aggregate of the increases for 1941 in Tax Accruals, wages and fuel prices was the large amount of $10.033,611.

These increased bases of expense, projected on an annual basis for the year 1942, will show still larger unavoidable expenditures, it being estimated that the effect of the Mediation Wage Award applicable to the full year 1942 will amount to approximately $8,667,241, no decreases being in sight in other costs. No attempt has been made to estimate the increased tax load for 1942.

The Year's Net Income and What Was Done With It

Net Income after charges amounted to $19,369,894, an increase over 1940 of $12,017,822, and the largest amount earned by the property since the depression.

The largest portion of such income went into payment of debt and reduction of fixed charges, as follows:

(a) The Reconstruction Finance Corporation loan, which stood at $14,955,000 on December 31, 1940, was paid off in its entirety (by means of paying $4,955,000 from the treasury and of refunding the remainder of $10,000,000 through bank loans effected May 15, 1941, to mature ratably over three years, but which in turn were paid off in full by December 15, 1941, at an average interest cost of 2.67%), and

(b) As security for the performance of a covenant in Southern Railway Company Memphis Division First Mortgage, $1,500,000 principal amount of these Bonds were acquired by the Trustee of that Mortgage in connection with the acquisition by the Company of 283 miles of line formerly owned by the Company's subsidiary, Memphis-Chattanooga Railway, which was dissolved during the year, the bonds so acquired by the Trustee being held alive by it and the interest thereon accruing to Southern.

Treasury cash in large amount for these and similar purposes was thus used during 1941, thereby permanently reducing the burden of annual fixed charges by $705,543.

Another large portion of the Company's cash went into capital expenditures, including additional payments for new rolling stock and mechanical equipment, increased amounts for maturing installments of Equipment Trust obligations, and a great many new labor-saving devices and roadway additions and betterments, such capital expenditures amounting in 1941 to $8,570,926, or $3,487,405 more than in 1940.

Due to the extraordinarily heavy war business developed and developing with increasing acceleration at the end of the year, necessity required the expenditure of much more cash than in the previous year on a moderately increased inventory of material and supplies for immediate use, the Company having in its inventory $2,249,000 more on December 31, 1941, than on December 31, 1940.

Thus, although there was earned the amount of $19,369,894 after charges in 1941, these earnings were entirely absorbed and a dip made into the unspent balances of the two prior years' earnings to pay the items just referred to, of:

Cash Expended in Debt Retirements	$16,817,000
Capital Expenditures	8,570,926
Increased Inventory	2,249,000
A total of	$27,636,926

Although the cash balance at the end of the year was larger by $6,785,794 than at the end of 1940, this increase was only moderate in view of the increase of $7,373,888 in accrued tax liability and the certainty of even higher taxes and other costs in 1942.

Reduction of Fixed Charges and of Funded Debt

At the threshold of the depression years, in 1930, the Company's fixed charges amounted to $18,030,689, plus $4,028,200 for the principal of maturing equipment obligations. In other words, after providing for all operating expenses, taxes, joint facility and per diem rents, the treasury, for the year 1930, was also required to find and pay $22,058,889.

Corresponding figures for the year 1941, due to the program of debt retirement, show fixed charges reduced to $16,299,717 and maturing equipment trust installments to $3,602,000, an aggregate of $19,901,717, a reduction in such annual obligations, notwithstanding the depression years, of $2,157,172 a year; and the year 1942 will show a further substantial reduction in fixed charges due to the payment of debt in 1941.

The principal amount of the indebtedness on which these fixed charges accrue shows a net reduction as compared with a year ago, including therein an issue of $11,250,000 of new equipment trust certificates, hereinafter to be described, as follows:

Funded Debt

	Dec. 31, 1941	Dec. 31, 1940
Funded Debt	$241,499,500	$241,499,500
Reconstruction Finance Corporation Notes	-o-	14,955,000
Leasehold Estates	53,115,600	53,139,600
Equipment Trust Obligations	39,647,000	31,989,000
	$334,262,100	$341,583,100

Purchase of New Equipment

During 1941 the Company ordered 4,000 steel freight train cars, 25 all steel baggage-express cars and 5 Diesel-electric switch engines, the principal part of which, due to the material shortage, has not yet been delivered. Approximately ten per cent of the estimated cost of this new equipment is being paid in cash as the equipment is delivered, the remainder, or $11,250,000, of such cost having been financed through the sale of Southern Railway 2% Equipment Trust Certificates, Series JJ, dated July 1, 1941, and maturing ratably over a period of ten years, these Certificates having been sold on a basis of 1.9657%.

In addition the Company has ordered two 5400 horsepower Diesel-electric road freight engines, which are expected to cost approximately $1,000,000, including the necessary facilities for servicing them, and 2,500 new 50-ton all steel open top cars; none of this equipment, however, to be delivered, due to the stringency in critical materials, before late in the year 1942 or early in 1943.

All of the Company's streamlined passenger train equipment, Diesel locomotives and freight train cars, referred to in the report for the year ended December 31, 1940, were placed in service during 1941 and have proved their timely worth during the year just closed.

Wage Increase

A nationwide demand for increased railroad wages resulted in the Mediation Wage Award, which has the effect of increasing wages on an annual basis, using 1941 pay rolls as a yardstick, by approximately $8,667,241. This wage award had the further effect of increasing the Company's accruals for Railroad Retirement and Federal Tax for Unemployment Insurance by $127,477 during the four months of the year 1941 for which it was effective, and by $502,700 on an annual basis. Thus the annual increase growing out of the wage adjustment is estimated in the aggregate at $9,169,941.

New Rail

New rail laid in 1941 amounted to 20,925 tons, as compared with 15,355 tons laid in 1940. Although the defense program is absorbing large quantities of steel heretofore available for new rail, orders for 1942 have been placed for 30,000 tons, of which 15,000 tons are to be of 131-lb. section, the remaining 15,000 tons to be of 100-lb. section, the Company having agreed to release substantial quantities of relay rail for the use of the Government for military purposes as and when the new rail is delivered.

Southern Railway Company-Mobile and Ohio Stock Trust Certificates

The Court of Appeals of the State of New York, in the suit referred to in last year's annual report, held that the Company remained liable for annual payments in perpetuity of $226,008 with respect to the Southern Railway Company-Mobile and Ohio Stock Trust Certificates, and the Company will therefore continue to make such payments.

Rate and Fare Increases

Seeking to offset, in part, the added costs attributable to the increase in wages, taxes and other bases of expense, the railroads sought from the Interstate Commerce Commission and were granted an increase of 10% in passenger fares effective February 10, 1942, and at the same time asked for a freight rate increase of ten per cent, which resulted in an increase of 6%, with certain exceptions, in freight rates and charges granted by the Commission and made effective March 18, 1942.

The Impact of War in Our Territory and Its Bearing on Industrial Development in 1941

The projected expansion in facilities for the production of iron and steel, aluminum and coke, for power generation and for miscellaneous manufacturing, as reported last year, were completed or were well under way in

1941, and in many instances large and additional expansions in these same industries, stimulated by the defense program, were well under construction at the end of 1941. The war effort also greatly accelerated expansions in the chemical and allied industries, including woodplup and rayon, lumber and woodworking plants, cotton textiles and other industries providing vital materials.

Greatly increased industrial activity in some parts of the territory has been brought about by the awarding of Government ordnance contracts to many existing plants, resulting, in some cases, in conversion of the entire plant to arms production. In fact the speedy conversion of all suitable facilities to new Government work is to be expected.

While this defense activity is thus substantially contributing to the Company's revenues, its effect on the other hand, due to the discontinuance of automobile construction and to the growing occupation of the commercial field by the war effort, is detracting from the Company's regular commercial traffic.

The impact of the Government's program has been felt primarily in new construction work—construction of defense and war projects: cantonments, training fields, airports and air bases, airplane parts and airplane assembly plants, powder and other explosives plants, ammunition depots, shell and bag loading plants, quartermaster depots, hospitals, large housing projects, as well as naval bases and shipyards, a large number of which are on Southern Railway and affiliated lines or at points served by them or their immediate connections.

The cotton textile industry, so important to Southern Railway and affiliated lines, in 1941 again broke all previous records. The consumption of raw cotton reached a new all-time record of 10,583,550 bales, an increase of 31.4 per cent over the previous mark set in 1940. At the close of 1941 there were 17,937,744 cotton spindles in place in the cotton growing states, constituting 74.3 per cent of the cotton-spinning machinery in place in the United States; and Southern mills worked 79.4 per cent of the total spindle hours, taking 85 per cent of the total consumption of cotton for the country.

In 1941 the United States rayon industry again surpassed all previous records. Total rayon filament yarn and staple fiber production amounted to 573,230,000 pounds, which was 22.7 per cent greater than for the previous record year of 1940, it being estimated that approximately 70 per cent of the country's output of rayon yarn and staple fiber was made in the South during 1941. In consumption, too, the rayon industry set a new high during the year with a total of 586,016,000 pounds, being 20.1 per cent higher than ever before.

During the year 137 new industries were established and additions made to 84 existing plants at points served by the railway.

Conclusion

In this time of war Southern Railway Company will strive to serve the Country and to serve the South earnestly, patriotically and with conscientious regard of the management for the best interests and the security of the owners of the property.

The officers and employees have again earned the sincere appreciation of the management for the good job they have done during these difficult times.

Respectfully submitted, by order of the Board,
ERNEST E. NORRIS,
President.

SOUTHERN RAILWAY COMPANY.
Financial Results for the Year.

	In 1941	In 1940
The Company received from freight, passenger and miscellaneous operations a total revenue of	$139,926,434	$105,905,395
The cost of maintaining the property and of operating the railroad was	88,547,313	72,870,181
Leaving a balance from railroad operations of	$51,379,121	$33,035,214
Federal, state and local taxes required	15,552,068	8,391,483
Leaving a balance of	$35,827,053	$24,643,731
The Company paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by it from those sources	3,037,072	3,186,437
This leaves an income from railway operations of	$32,789,981	$21,457,294
Other income derived from investments in stocks and bonds and miscellaneous items was	2,879,630	2,718,171
Making a total income of	$35,669,611	$24,175,465
Interest on funded debt and equipment trust obligations, rents paid for leased railroads and miscellaneous deductions totaled	16,299,717	16,823,393
Thus resulting in a net income of	$19,369,894	$7,352,072

SOUTHERN RAILWAY COMPANY.
Financial Position at the End of the Year.

	On December 31, 1941	On December 31, 1940	Increase or *Decrease*
The Company had investments in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property of	$544,772,080	$532,078,732	$12,693,348
In addition the company had investments in stocks, bonds and notes of affiliated companies carried at	55,937,150	59,915,532	*3,978,382*
Total Investments	$600,709,230	$591,994,264	$8,714,966
*The Company had cash working capital	$32,683,847	$22,997,676	$9,686,171
Other railroad companies and others owed the Company	8,416,225	5,664,059	2,752,166
The Company had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	8,796,645	6,547,559	2,249,086
Deferred assets and unadjusted debits, including items owed but not yet available to the Company	4,443,044	3,858,453	584,591
The Assets of the Company totaled	$655,048,991	$631,062,011	$23,986,980
The Company owed for materials, supplies, wages and balances to other railroad companies, and interest and rents accrued but not yet due	$18,997,233	$14,831,118	$4,166,115
Taxes accrued but not due	10,326,203	2,952,315	7,373,888
Operating reserves	1,186,042	1,106,284	79,758
Reserve for depreciation of road and equipment	41,748,849	37,382,866	4,365,983
Deferred liabilities, including items due to others not yet adjusted	10,669,749	9,972,821	696,928
The total of these liabilities, credits and reserves was	$82,928,076	$66,245,404	$16,682,672
After deducting these items from the total assets there remained available for the capitalization of the Company net assets of	$572,120,915	$564,816,607	$7,304,308
The capitalization of the Company consisted of the following:			
Funded Debt, including bonds, equipment trust obligations, etc.	$284,252,768	$291,078,432	*$6,825,664*
Preferred Stock	60,000,000	60,000,000	—
Common Stock	129,820,000	129,820,000	—
Making a total capitalization of	$474,072,768	$480,898,432	*$6,825,664*
After deducting this capitalization from net assets there remained a surplus, largely invested in the property, of	$98,048,147	$83,918,175	$14,129,972

*There is included in cash working capital the following:

December 31, 1941 an amount of $10,949,080, representing a special deposit of the proceeds from the sale in July 1941 of Equipment Trust Obligations, Series "JJ" which will be applied in payment upon delivery in 1942 of the equipment purchased in 1941 but not completed and delivered in that year.

December 31, 1940 an amount of $10,153,682, representing a special deposit of the proceeds from the sale in November and December, 1940, of Equipment Trust Obligations, Series "GG" and "HH," which was applied in payment upon delivery in 1941 of the equipment purchased in 1940.

Total British Sales Of U. S. Securities

The Treasury revealed on Mar. 26 that the United Kingdom sold $542,832,000 of its American securities in the last three years to pay for war materials. Advices to this effect were contained in Associated Press, Washington advices, which further said:

> This was in addition to an estimated $500,000,000 of similar securities placed under the trusteeship of N. Y. Federal Reserve Bank as collateral for a $425,000,000 loan from Reconstruction Finance Corp. British sources said the remaining United Kingdom investments in this country were of a minor, or unmarketable, nature.
>
> Giving 1941 figures for the first time, the Treasury said the British sales of the stocks and bonds of United States businesses included: 1939, $144,530,000; 1940, $170,931,000; and 1941, $227,271,000. These sales were designed primarily to pay for war materials purchased in this country prior to lend-lease.
>
> In addition, Canada during these years sold $72,518,000 of American investments, including $30,423,000 in 1939, $15,806,000 in 1940 and $26,289,000 in 1941.
>
> Switzerland, Germany, Italy and Japan also sold small quantities.
>
> These sales were the principal change in foreign capital movements in and out of the United States last year, except for the withdrawal by Switzerland of $169,646,000 of bank deposits. As long as the United States remained neutral, the Swiss sent money here both for safekeeping and investment, but reversed the process when the United States became a belligerent.
>
> For all countries, the net capital withdrawals totaled $496,923,000, about half of which represented sale of securities.

FDR, Haiti Pres. Confer

President Roosevelt held a luncheon conference with President Elie Lescot of Haiti on March 24 discussing defense, shipping and economic problems. Mr. Roosevelt said that Haiti may be able to provide some of the agricultural products and other essentials which formerly were imported from the Far East, including greater cultivation of sisal, which is used for hemp and rope. President Lescot said that Haiti is ready to play any role which circumstances may oblige.

Invites Tenders On New South Wales 5% Bonds

The Chase National Bank of New York, successor fiscal agent, is inviting tenders for the sale to it of State of New South Wales, Australia, external 5% sinking fund gold bonds, due April 1, 1958, at prices not exceeding par and accrued interest, in an amount sufficient to exhaust the sum of $204,155.92. Tenders will be received to noon, April 8, 1942, at the corporate trust department of the bank, 11 Broad Street, New York.

Investment Trusts

(Continued from page 1327)

1. Greater use of consolidated figures, instead of tax calculations affected by technical corporate divisions.

2. An effective right to charge off bad debts with fewer of the obstacles which in many cases have made this right unavailable to taxpayers.

3. A recognition that non-business income frequently involves expenses which should be deductible.

4. Fewer obstacles to be placed in the way of "last-in-first-out" accounting—the only sound accounting method for inventory companies, but heretofore made unavailable to many companies by the tax laws.

5. A possibility that financial institutions will be able to amortize bond premium against coupons on their tax books.

In speaking of the tax proposals, *The Broad Street Letter* says, ". . . Today's dollar cost of stocks gives considerably more net earnings per share than in good prewar years in spite of the largest corporation tax cost in history. This is not to say that stocks may be purchased indiscriminately. On the contrary, many stocks are in an unfavorable position today because of taxes and dislocations incident to the war but there are many others that offer attractive investment opportunities. . . . For this reason the prospect of greatly increased taxes in 1942 and later years does not necessarily mean that common stocks *per se* are no longer an attractive medium of investment but rather that much greater care must be exercised in their selection. Any added risk that stock purchases may entail is compensated for in large measure by the better yields and the prospects for appreciation offered by such stocks."

The Keystone Investor for March points out that in reality every investor faces a double shrinkage in income in the months ahead from increased income taxes on the one hand and higher living costs on the other. Or expressed another way: "The same dollar income will produce fewer dollars, after taxes, at a time when more dollars are needed to meet living expenses."

The nice solution to this problem would be to increase investment income without in any way increasing the investment risk, and it is pointed out that this is entirely practicable and possible.

"Most investment accounts," says *The Keystone Investor*, "contain low-yielding or non-dividend paying stocks and defaulted bonds. These are 'lazy dollars'—dollars which are not paying their way. Many of the securities were bought in peace-time for their prospects under a peace-time economy. These securities may be replaced with other securities paying generous returns at current levels and, at the same time, improving the investment quality of the account. Not only "lazy dollars" but idle cash, can be put to work in many instances. . . . It is possible that investment return may be increased sufficiently to offset higher taxes and living costs without any material increase in risk."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1325)

Of course, taxes also came in for their share in the discussions. But as nobody knew when and what form they would take, their application was academic at best. What amazed me, was the lack of talk about market technique that I encountered. Here were people who had never paid any attention to balance sheets, earnings, inflation or taxes, always basing their judgment on market action, talking about something that deep down they didn't believe in at all.

* * *

Anyway, I decided that, after listening to a lot of fool talk, I could have done as well by warbling: "Volume is low, trading is slow, clap, clap, clap, clap, down in the heart of Wall Street." At least, I would have had a reason to applaud, if only to keep time.

So until volume is up, my best advice is to hold your cash until the sun is bright, things are right, clap, clap, clap, clap, down in the heart of Wall Street.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Calendar of New Security Flotations

OFFERINGS

NATIONAL OIL PRODUCTS CO.

National Oil Products Co. has filed a registration statement with the SEC for $1,000,000 of sinking fund 3¼% debentures, due April 1, 1957

Address—Essex & First Sts., Harrison, N. J.

Business—Business of company and its subsidiaries is essentially a chemical business. The more important products processed, manufactured and sold are (1) chemical products used chiefly for industrial purposes and (2) vitamin products and vitamin concentrates

Underwriters and amount of the debentures which each has agreed to purchase from company, are: Jackson & Curtis, Boston, $500,000; Schwabacher & Co., San Francisco, $400,000; Kebbon, McCormick & Co., Chicago, $100,000

Offering—The debentures will be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds to extent of $500,000 will be applied to payment of outstanding notes payable, and the balance will be added to working capital

Registration Statement No. 2-4970. Form A-2. (3-21-42)

Offered March 31, 1941, at 102½ and int.

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has filed a registration statement with the SEC for: 125,000 shares of 55-cent cumulative convertible preferred stock, $1 par; option warrants to purchase 62,500 shares of $1 par common stock; 125,000 shares $1 par common stock, reserved for issuance upon conversion of the preferred stock, and 62,500 shares $1 par common stock reserved for the option warrants

Address—Chicago, Ill.

Business—Engaged in the manufacture and sale of a variety of twist drills

Underwriter—Craigmyle, Rogers & Co. is the sole underwriter

Offering—The 125,000 shares of preferred stock will be offered to the public at $5 per share; provision is made, however, that the initial offering price may be reduced to not less than $4 per share. The option warrants, above mentioned, are to be issued to the underwriter as additional compensation. If the underwriter exercises the warrants, the shares of common stock covered by such warrants may be offered to the public; details of such public offering, if any, will be supplied by amendment

Proceeds will be used to purchase machinery and equipment, and for working capital

Registration Statement No. 2-4950. Form A1 (2-24-42)

Offered March 26, 1942, at $5 per share.

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year

Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30. Names of underwriters and the public offering price will be supplied by amendment

Registration Statement No. 2-4959. Form A2 (3-10-42)

Awarded—Bonds awarded March 30 to Lehman Bros. and associates at 109.28011.

Offered—April 1, at 109⅞ and int. by Lehman Bros.., Bear, Stearns & Co., Blair & Co., Inc., Hemphill, Noyes & Co., Laurence M. Marks & Co., Schoellkopf, Hutton & Pomeroy, Inc., Hallgarten & Co., Swiss American Corp., Francis, Bro. & Co., Arthur Perry & Co., Inc., and I. M. Simon & Co.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, APRIL 2

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 750,000 shares of Series "B-4" Full Certificates of Participation

Address—50 Congress St., Boston, Mass.

Business—Company is an investment trust; The "Keystone Plan" establishes a series of trust funds, each employing its capital in a designated class and type of listed securities, to enable the investor to choose the type or combination of types of securities having the characteristics most nearly fitting his individual requirements

Underwriting and Offering—The shares will be offered to the public at the market. The Depositor is the sponsor

Proceeds will be used for investment purposes

Registration Statement No. 2-4965. Form C-1 (3-14-42)

SATURDAY, APRIL 4

KLINE BROTHERS COMPANY

Kline Brothers Co. filed a registration statement with the SEC for $322,300 of 5% sinking fund notes, due May 1, 1952, and registration statement for certificates of deposit to be issued to holders of outstanding 5% notes of company, under plan of exchange

Address—132 W. 31st St., New York, N.Y.

Business—Operates 19 retail department stores located in various cities in Illinois, Michigan, Ohio, Iowa, Missouri, Pennsylvania and Georgia, selling merchandise of the character generally sold in small department stores

Offering—The new 5% notes will first be offered, par for par, in exchange for the outstanding 5% notes due Dec. 31, 1943, and May 1, 1944; latter noteholders, depositing under the exchange plan, will receive equal amount of certificates of deposit. Such of the new notes not issued in exchange for the outstanding 5% notes, will be sold to public, at 100 and accrued interest

Underwriting — Illinois Securities Co., Joliet, Ill., is the underwriter of the notes not issued under exchange plan

Proceeds will be used to retire all outstanding 5% notes of company

Registration Statements No. 2-4966 (D-1A, covering certificates of deposit) and 2-4967 (A2, covering new notes). (3-16-42)

MONDAY, APRIL 6

AMPCO METAL, INC.

Ampco Metal, Inc., has filed a registration statement with the SEC for 166,667 shares common stock, $2.50 par

Address—Milwaukee, Wis.

Business—Company is engaged principally in the production and sale of aluminum bronze; also produces and sells a companion line of other bronzes, and furnishes other non-ferrous alloys meeting certain specifications

Underwriting—Van Grant & Co., Detroit, Mich., is the principal underwriter; names of the other underwriters will be supplied by amendment. Underwriting commission is $1.50 per share

Offering—The common stock registered will be offered to the public at a price of $7.50 per share

Proceeds will be applied as follows: $319,000 to pay for certain equipment and tools; $50,000 to payment of outstanding bank loan; purchase of $500,000 principal amount of U. S. Government tax anticipation notes, and balance for working capital

Registration Statement No. 2-4969. Form S-2. (3-18-42)

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

SATURDAY, APRIL 11

LIPE-ROLLWAY CORP.

Lipe-Rollway Corp. filed a registration statement with the SEC for 80,000 shares $1 cumulative convertible preferred stock, $10 par, and 160,000 shares class A stock, $1 par, latter reserved for issue upon conversion of the preferred stock

Address—208 S. Gedded St., Syracuse, N. Y.

Business—Incorporated in 1924 as W. C. Lipe, Inc., on March 16, 1942, the name was changed to Lipe-Rollway Corp. Part of the proceeds of this financing is intended to be used for acquisition by the company of all or at least a majority of the outstanding stock of Rollway Bearing Co., Inc., of Syracuse, N. Y. Business of the company, including that of Rollway Bearing Co., Inc., includes the manufacture and sale of machine tools, reamers, cutters, clutches, clutch parts, bearings, etc.

Underwriter—Barrett Herrick & Co., Inc., New York, is the sole underwriter

Offering—The preferred stock will be offered to the public at $14 per share; the underwriting commission is $2.10 per share

Proceeds will be used in part to acquire all or as many shares as possible of the outstanding capital stock of Rollway Bearing Co., Inc., the balance will be used for additional working capital

Registration Statement No. 2-4971. Form A-2. (3-23-42)

TUESDAY, APRIL 14

VINCO CORPORATION

Vinco Corporation has filed a registration statement with the SEC for 104,000 shares common stock, $1 par

Address—Detroit, Mich.

Business—Engaged in manufacture and sale of hardened and ground tools and gauges, including lapped high precision gauges and tools, involute spline gauges, master gears, gear tooth gauges and index plates, which now comprise the major portion of the company's business

Offering—The shares registered will be initially offered by the company to holders of its common stock for subscription, pro rata, in ratio of 2 shares for each 3 shares held; such of the shares are not issued upon exercise of the subscription rights, will be sold to the public. The stock of record date, subscription price per share and expiration date of the subscription offer, and the public offering price, will be supplied by amendment

Underwriting—A. M. Kidder & Co., New York, is the sole underwriter

Purpose—Net proceeds will be initially added to working capital, to be used principally to meet the increased demand for working funds which has resulted from expansion of company's business and the further expansion of company's business expected to occur upon completion of the plant, construction of which is now contemplated by company as agent for Defense Plant Corp..

Registration Statement No. 2-4972. Form A2 (3-26-42)

SATURDAY, APRIL 18

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp. filed registration statement with SEC for 50,000 shares 4½% cumulative convertible preferred stock, $40 par; and 105,000 shares common stock, no par, the latter reserved for conversion of the preferred stock

Address—60 Boston St., Salem, Mass.

Business—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

Underwriters of the preferred stock, and the number of shares which each has agreed to underwrite, are as follows:

Jackson & Curtis, Boston	14,000
Lee Higginson Corp., Boston	10,000
Estabrook & Co., Boston	7,500
Merrill Lynch, Pierce, Fenner & Beane, New York	7,400
Putnam & Co., Hartford, Conn.	2,000
Hale, Waters & Co., Inc., Boston	1,600
Graham, Parsons & Co., New York	1,500
Whiting, Weeks & Stubbs, Inc., Boston	1,500
Yarnall & Co., Philadelphia	1,000
Minsch, Monell & Co., Inc., New York	1,000
Brush, Slocumb & Co., San Fran.	500
Herbert W. Schaefer & Co., Balt.	500
Stein Bros. & Boyce, Baltimore	500
Van Alstyne, Noel & Co., New York	500
Wyeth & Co., Los Angeles	500

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment to registration statement. The underwriting commission is $2 per share

Proceeds will be used for additional working capital

Registration Statement No. 2-4974. Form A2 (3-30-42)

ONTARIO NICKEL CORP., LTD.

Ontario Nickel Corp., Ltd., filed a registration statement with the SEC for 2,400,000 shares common stock, $1 par

Address—372 Bay St., Toronto, Canada

Business—This mining company owns six lease patents of mining claim in Strathy Township, Ontario, which is inactive at present. Also, holds an option to purchase certain mining properties in the Sudbury District, Ontario. Company plans to dismantle a portion of the mining plant set up on the Strathy property and move it to the Sudbury property and to produce nickel concentrates from the ore contained in the Sudbury ground, which will be marketed

Underwriting and Offering—The common stock will be sold to the public at the market, by George H. Johnson, Toronto

Proceeds will be used for development work, purchase of machinery and equipment, and for working capital

Registration Statement No. 2-4976. Form S-3 (3-30-42)

SUNDAY, APRIL 19

CANADA DRY GINGER ALE, INC.

Canada Dry Ginger Ale, Inc., filed a registration statement with the SEC for: 25,173 shares $5.50 cumulative convertible preferred stock, no par; an indeterminable number shares common stock $5 par (including Scrip Certificates for fractions of shares), to be reserved for issuance on conversion of the preferred; and Subscription Warrants (Full and Fractional) evidencing, in the aggregate, rights to subscribe for such 25,173 shares of preferred stock

Address—100 E. 42nd St., New York, N. Y.

Business—Engaged, directly or through subsidiaries, in the manufacture and distribution of ginger ale and other carbonated beverages in the U. S. and Canada, and in the distribution, and to a small extent the manufacture, of alcoholic beverages in the U. S.

Underwriting and Offering—The preferred stock will first be offered to company's common stockholders for subscription, in the ratio of one share of preferred for each 24 shares of common stock held. The stock of record date, date of expiration of the subscription offer, and the subscription price per share, will be supplied by amendment

The unsubscribed portion of such 25,173 shares preferred stock will be underwritten and offered to public, at a price to be supplied by amendment; underwriters are Union Securities Corp., New York, and Hornblower & Weeks, New York

Proceeds will be used to pay outstanding $1,100,000 bank loans, balance for working capital

Registration Statement No. 2-4977. Form A2 (3-31-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, Feb. 7, Feb. 16 and March 5, 1942 to defer effective date

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. **Form** A2 (2-13-42—San Francisco)

Amendments filed Feb. 27 and March 16, 1942, to defer effective date

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendments filed Dec. 3, Dec. 31, 1941, Jan. 19, Feb. 25 and March 12, 1942, to defer effective date

CALIFORNIA DE-TINNING CORP.

California De-Tinning Corp. filed a registration statement with the SEC for 234,000 shares of $1 par common stock

Address—Los Angeles, Cal.

Business—Company is engaged in the reclaiming and processing of tin

Underwriters—Quincy Cass Associates

Offering—The common stock will be offered to the public at $1 per share

Proceeds will be used to pay for organization expenses, a detinning plant and for working capital

Registration Statement No. 2-4956. Form A1 (3-2-42—San Francisco)

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $7,522,000 of 3½% Convertible Debentures, due March 1, 1962, and an indeterminable number of shares of no par common stock (including scrip certificates for fractions of shares), latter to be reserved for issue upon conversion of the Debentures

Address—180 Madison Ave., New York

Business—Principal business of company is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trademark "Celanese" and under other trademarks owned by the company

Underwriting and Offering—The debentures will first be offered to company's common stockholders, via subscription rights, for subscription at the rate of $1,000 principal amount of the Debentures

Calendar of New Security Flotations

for each 183 shares of common stock held of record on the effective date of the registration statement. The subscription price per share will be supplied by amendment. The Subscription Warrants will be exercisable on or before 3 p.m. Eastern War Time on April 6, 1942. Such of the Debentures as are not subscribed for under this offer, will be sold to the public through underwriters, at a price to be supplied by amendment.

Names of the underwirters, and the maximum amount of the Debentures to be underwritten by each, are:

Dillon, Read & Co., New York	$1,222,000
Glore, Forgan & Co., New York	700,000
A. C. Allyn & Co., Inc., Chicago	50,000
A. G. Becker & Co., Inc., Chicago	75,000
Blyth & Co., Inc., New York	300,000
Alex Brown & Sons, Baltimore	125,000
Central Republic, Inc., Chicago	75,000
R. S. Dickson & Co., Inc., Charlotte, N. C.	50,000
Equitable Securities Corp., New York	50,000
Estabrook & Co., Boston	75,000
First Boston Corp., New York	450,000
Graham, Parsons & Co., Philadel.	50,000
Harriman Ripley & Co., Inc., New York	300,000
Harris, Hall & Co., Inc., Chicago	75,000
Hayden, Miller & Co., Cleveland	75,000
Hayden, Stone & Co., New York	75,000
Hemphill, Noyes & Co., New York	200,000
Hornblower & Weeks, New York	125,000
W. E. Hutton & Co., New York	75,000
Kebbon, McCormick & Co., Chicago	50,000
Kidder, Peabody & Co., New York	200,000
W. C. Langley & Co., New York	150,000
Lee Higginson Corp., New York	150,000
Lehman Bros., New York	350,000
Laurence M. Marks & Co., New York	75,000
Mellon Securities Corp., Pittsburgh	350,000
Merrill Lynch, Pierce, Fenner & Beane, New York	250,000
F. S. Moseley & Co., Boston	75,000
Otis & Co., Cleveland	75,000
Riter & Co., New York	150,000
E. H. Rollins & Sons, Inc., N. Y.	125,000
Salomon Bros. & Hutzler, N. Y.	125,000
Shields & Co., New York	300,000
Smith, Barney & Co., New York	300,000
Tucker, Anthony & Co., Boston	75,000
Union Securities Corp., New York	200,000
White, Weld & Co., New York	150,000
Whiting, Weeks & Stubbs, Inc., Boston	50,000
The Wisconsin Co., Milwaukee	125,000
Dean Witter & Co., San Francisco	50,000

Proceeds—Purpose or purposes to which the proceeds will be applied, are to be supplied by amendment

Registration Statement No. 2-4962. Form A-2 (2-11-42)

Offering Deferred—Company announced March 25 that it had postponed for the time being offering to holders of common stock of proposed bond issue, due to problem arising in connection with British stockholders

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, Feb. 6, Feb. 24 and March 13, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29, Feb. 16 and March 6, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24, Feb. 2, Feb. 25 and March 14, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,090 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941 Jan. 2, Jan. 21, Feb. 7, Feb. 26 and March 16, 1942, to defer effective date

Illinois Commercial Telephone Co. on March 19, 1942, filed an amendment to its registration statement disclosing that it now proposes to offer to the public $5,750,000 first mortgage 3½% bonds, due March 1, 1972. Previously, in original registration statement filed on Oct. 24, 1941, company had proposed to sell $5,750,000 of first mortgage 3⅜% bonds, due 1971, and 24,000 shares of $5 cumulative preferred stock, no par value

Proceeds from sale of the $5,750,000 of first mortgage 3½% bonds, due 1972, together with other funds of the company, are to be used to retire the outstanding $5,750,000 of first mortgage series A 3¾% bonds, due 1970

Underwriters of the 3½s of 1972, and the principal amount which each has agreed to underwrite, are: Bonbright & Co., New York, $2,875,000; Paine, Webber & Co., New York, $2,156,000; Mitchum, Tully & Co., Los Angeles, Cal., $719,000

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock. John W. Yeaman, Martinsville, Va., who was named as underwriter, withdrew on Jan. 31, 1942

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

Registration effective 4:45 p.m., E. S. War Time, on March 2, 1942

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1 (8-27-41)

Amendment filed Feb. 11 to defer effective date.

(This List Is Incomplete Today)

Reveals Interesting Bank Statistics

Some interesting facts are revealed by a comparison of the consolidated statements of all American banks, as presented in the First 1942 Edition of *Rand McNally Bankers Directory* (The Blue Book) just published.

For example, it is shown that there are five states which lead in both total deposits and total loans, but they do not classify in the same order under both headings.

The order of greatest deposits is: 1. New York; 2. Pennsylvania; 3. Illinois; 4. California; 5. Massachusetts. But, the order of greatest loans (in total dollars) is: 1. New York; 2. California; 3. Massachusetts; 4. Pennsylvania; 5. Illinois. As to further information supplied, it is noted.

Massachusetts and California banks are evidently doing a better job of lending than Pennsylvania and Illinois banks. As a matter of fact, they are also doing better than New York in proportion to deposits.

Massachusetts leads, having loaned 42.04% of deposits. California comes second in percentage, having loaned 41.3% of deposits. New York is third with 31% loaned. Pennsylvania is fourth with 29.6%, and Illinois is fifth with 24.8%.

These percentages are based on the total deposits, and the total loans of all banks in these five states.

The variation in the number of banks is interesting, for it shows an increase in branches and a decrease in head offices. There are seven more branches of national banks at the beginning of 1942 than there were as of June 30, 1941, and there are 16 more branches of state banks.

However, there are 13 less branches of other banks, so that there's a net gain of 10 branches

There is a loss in head offices, however, of 16 national banks, 30 state banks, 5 private banks, and 19 other banks. Thus, we have a net loss of banking offices of 60.

Examining the semi-annual consolidated statements for the last few years, in The Blue Book, it is found that there has been a decline of capital every six months since June 30, 1935. There has been an increase in surplus since June 30, 1939. There has been an increase in deposits since June 30, 1936. There has been an increase in total resources since Dec. 30, 1936. It is also revealed that Government securities owned have a total larger than shown in the table for any year, the banks now holding $25,440,712,000 worth. Other securities have gained slightly in the last six months.

THE BOND SELECTOR

EASTERN GAS & FUEL ASSOCIATES

First & Collateral 4s, 1956

Recommended as a Commitment in the Soft Coal Industry

Although often considered a public utility enterprise, less than 25% of this company's revenues are derived from gas and electric sales. Coal usually accounts for around 45% of gross, coke for 22%, manufactured gas for 20%, electricity for less than 1%, with the balance derived from its fleet of colliers and pig iron from its blast furnace. Eastern Gas is one of the country's chief producers of bituminous coal which it mines in West Virginia, Kentucky and Pennsylvania. These coal properties cover more than 140,000 acres and are estimated to have a life of over 45 years. Coke plants are located in New Haven, Philadelphia and near Boston from which centers the company distributes coke to consumers for house heating, to utilities for gas manufacture and to plants for industrial and metallurgical purposes. Through its wholly-owned Boston Consolidated Gas Company and Old Colony Gas Company, Eastern Gas & Fuel serves several Massachusetts communities with manufactured gas. The company, a Massachusetts voluntary association, is controlled by the Koppers interests of Pittsburgh.

Originally organized under Declaration of Trust in 1929 as a holding company, Eastern Gas & Fuel assumed an operating status in 1936 as the result of a consolidation and simplification of the corporate structure. This involved the elimination of 14 active subsidiaries and transfer of their properties to other units in the group. A major factor in this adjustment was the issuance by the parent, Eastern Gas & Fuel Associates, of $75,000,000 of bonds, the proceeds of which were used to retire the entire funded debt of subsidiaries and to purchase all minority interests in the system.

Of the original $75,000,000 issue of these First 4s, 1956, $66,357,000 were outstanding at the end of 1940. They are secured by a first lien on all the Association's property and by pledge of blocks of securities of the principal subsidiaries, including Koppers Coal Company, Philadelphia Coke Company, Connecticut Coke Company, Boston Consolidated Gas Company, Old Colony Gas Company, etc. What the actual value of these securities may be, of course, is difficult to estimate. On the basis of the 1940 balance sheet, the principal amount of the 4s, 1956, outstanding (the only debt of the company), was equivalent to 53% of net plant account, which can be considered a reasonable ratio.

A fixed sinking fund and a contingent sinking fund are provided for the bonds. The fixed sinking fund equals $525,000 of bonds semi-annually plus interest on bonds previously retired; this will retire $30,000,000 of the original $75,000,000 issue by maturity in 1956. The contingent sinking fund requires an annual payment of 10% of the balance of consolidated net earnings for the preceding year. To the end of 1940, $8,643,000 bonds had been retired.

Although it is to be expected that earnings of a soft coal producer will be highly cyclical, Eastern Gas & Fuel has had a record somewhat better than might be expected for this type of business. It is naturally impossible to make comparisons prior to the 1936 consolidation, but since that time, interest on the Association's funded debt has been earned on the average 1.65 times, the lowest coverage being reported in 1938 when the figure was 1.08 and the best year being 1941 when interest requirements were earned 2.10 times. These figures are all computed after Federal income taxes, which is not normally done in industrial companies, and consequently are very conservative. Only the preliminary figures on earnings are available for 1941, and these do not furnish sales and operating revenues. We know only that tonnage coal sales were up 8% over 1940, tonnage coke sales were up 3% and gas volume was up 1%. Since coal and coke prices were substantially higher in 1941 than in 1940, it is estimated that gross revenues were 15% ahead for a total of approximately $85,000,000. The following table shows the income account since 1937:

	Oper. Rev. & Sales	Tot. Income	D. & D. Retirements	Avail. for Fixed Chgs.	Fixed Chgs.	Times Earned
1941	**	$14,835,000	$4,598,000	$6,659,000	$3,176,000	2.10
1940	$74,629,000	12,186,000	4,272,000	6,329,000	3,331,000	1.90
1939	68,231,000	9,618,000	4,208,000	4,932,000	3,527,000	1.40
1938	61,934,000	8,313,000	4,042,000	3,906,000	3,633,000	1.08
1937	69,523,000	11,264,000	4,035,000	6,553,000	3,683,000	1.78

**Not available.

The fact that total income in 1941 increased from $12,186,000 to $14,835,000, or 20%, while the amount available for fixed charges of $6,659,000 was less than 5% higher than the 1940 figure was undoubtedly due to higher taxes, although the detailed figures are not yet available.

At the present time the bonds sell at 81, comparing with their 1942 range of 86⅞-80⅛. At this price they yield about 6.05% to their maturity in 1956. The price ranges in recent years have been as follows:

	High	Low
1941	90¾	77
1940	88½	74¾
1939	82½	53¾
1938	81½	55⅛
1937	95⅜	64

Balance of capitalization, in addition to the $66,357,000 of first mortgage bonds, consists of 246,373 shares of 4½% Cumulative Prior Preference Stock ($100 par), 374,138 shares of 6% Cumulative Preferred ($100 par) and 1,988,400 shares of Common. Of the outstanding Common stock, approximately 78% is owned by the Koppers interests.

These bonds are recommended as a speculation. They are, by the very nature of the Association's business, volatile pricewise, but at their current level stand to show some appreciation over the near term, in line with the expected continuing heavy demand for soft coal and coking fuels. At the same time they afford a liberal return, and even during periods of slack demand and weak price structures the company has been able to bring down sufficient earnings to service the interest requirements.

Smith And Schneider With Sweetser & Co.

Harold B. Smith

Harold B. Smith and Caspar C. Schneider are now associated with Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, as co-managers of the over-the-counter trading department. Mr. Smith was formerly in charge of trading and Mr. Schneider in charge of wholesaling at Duryea & Company, which was dissolved when the partners of that firm joined the armed forces.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 30 that the tenders for $150,000,000 or thereabouts, of 78-day Treasury bills, to be dated April 1 and to mature June 18, 1942, which were offered on March 27, were opened at the Federal Reserve Banks on March 30. The following details of this issue are revealed:

Total applied for	$356,653,000
Total accepted	150,435,000

Range for accepted bids (excepting two tenders totaling $17,000):

High — 99.967. Equivalent rate approximately 0.152%.

Low — 99.948. Equivalent rate approximately 0.240%.

Average Price 99.952. Equivalent rate approximately 0.221%.

(41% of the amount bid at the low price was accepted.)

It was explained that the reason for the bills maturing in 78 days, instead of the usual 91-day maturity, is to make the bills fall due around June 15, the date of the second quarter's income tax payment. The previous offering was 83-day bills maturing on June 16.

Admit Diefendorf

Robert R. Diefendorf has become a limited partner in Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, following the dissolution of Diefendorf, Lindley, Warburton & Co.

Beverley M. Eyre has been approved as alternate on the floor of the Exchange for Benjamin V. Harrison, Jr.

Dunn, Jr. with Bankamerica

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — Ritchie Livingston Dunn, Jr. is now associated with Bankamerica Company, 300 Montgomery Street, members of the Los Angeles Stock Exchange. Mr. Dunn in the past was an officer of R. L. Dunn, Jr. & Co., Inc.

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Our Reporter On "Governments"

Obviously, financing through the sale of certificates of indebtedness is a temporary expedient. . . . The maturity on this type of instrument is limited by law to one year. . . . Certificates attract only certain investors—commercial banks mainly, of course. . . . This year, there'll be some demand from business firms with extra "earmarked" cash on hand too. . . . In 1934, this factor wasn't as important. . . . But no matter how much is said about the certificates, the fact is they mature in a year (or maybe less) and that's real short-term financing. . . . Not too significant from either a market or a war financing point of view. . . .

The first issue of certificates is to be offered during the week of April 7, Secretary Morgenthau announced. . . . There'll be two issues this month. . . . At this writing, there has been no disclosure of terms of maturity, but the coupon should be between ½ and ¾% if the due date on the certificates is to be between nine months and a year. . . . Both logical assumptions. . . .

It's the first time in eight years that Morgenthau has turned to this form of security. . . . The choice of certificates, therefore, demands some analysis of his reasons for returning to the certificate of indebtedness. . . . And, according to informed sources, this is Morgenthau's plan at the moment. . . .

(1) Every other month, there'll be short-term financing of one kind or another. . . . Say, certificates of indebtedness, amounting to $1,000,000,000 or so. . . .

(2) Every other month, there'll be a long-term bond sale, with the interest rate amount 2¼%. . . .

Of course, these statements are unofficial. . . . They may be changed by developments in the domestic financial situation over the coming months. . . .

But apparently, the Treasury is paying considerable attention to the Government market these days. . . . And is working out a general, over-all program of borrowing through securities that will appeal to every class of investors. . . .

Starving Them?

One story is that Morgenthau wants to "starve" the market for long-term bonds for a while. . . . To force the insurance companies and other institutions interested in coupon more than maturity into a position where they "want" bonds so badly that they'll enter the open market and buy on a large scale and react eagerly to any flotation of long-term obligations. . . .

Issuing certificates and intermediate-maturity 2¼s would accomplish that. . . .

A fundamental point, mentioned repeatedly in this column, is becoming more obvious by the day. . . . The Treasury is succeeding admirably in its aim to finance the war on no more than a 2½% interest cost. . . . It not only is getting by with the 2½% rate but the way things are shaping up today, it may be able to shave that rate a bit soon. . . .

Consider the fact that in the last three weeks, the Federal Reserve Banks have been able to sell $18,250,000 bonds net. . . . That's important, for it suggests the inherent strength of the market. . . . And it indicates that our banking authorities are learning how to use control devices at their disposal. . . .

Tax-Exempts Again

In all discussions of the new tax law recently, there has been much talk of higher income tax rates, some talk of forced savings, some mention of a general sales tax. . . . But mighty little has been said about removing the exemption on outstanding issues of Government obligations. . . . On future issues of Governments, there is no argument, for taxables are now the accepted thing. . . .

But it's the exemption allowed on outstanding issues that's the crucial point to all investors. . . . And as for this, it now seems clear that the fully and partially-exempt Governments are safe —at least for this year. . . .

Add here again the fact that taxes generally will skyrocket, and you reach a conclusion of utmost importance:

The tax-exempts may be "resting" in the market today but within a short time, they'll start moving away on the upside from the taxables. . . . And the attractiveness of this section of the market will become increasingly apparent as each new issue of taxables is sold. . . .

Commercial banks may be expected to buy tax-exempts in large quantities as the months pass. . . . Sales from other sources scarcely will be great enough to depress the tax-exempts more than any other issues. . . . On the contrary, if investors have to sell, they'll probably sell their taxables and hold on to their tax-exempts until the last minute, experts believe. . . .

Switching from the taxables to the tax-exempts still seems an excellent idea. . . . Particularly around new issue dates, when price relationships may be disturbed and bargains may be found. . .

Inside The Market

Report is several major purchases of the U. S. Treasury 2¼s of 1955/52 have been completed in the last 10 days or so . . . Issue supposed to be one of most attractive on the list at the moment from yield and cost viewpoint. . . .

There'll be no competition between the new certificates of indebtedness and the Treasury's tax-anticipation notes, for the certificates have a definite maturity and are marketable. . . . The tax-anticipation notes are not marketable and may be turned in at any time by corporations or other purchasers. . . .

The Treasury's representatives have been conferring with outstanding bankers and financiers in major financial centers of the country on an over-all borrowing program. . . . Interest rate levels, types of issues to be sold, advisability of trying a "tap" offering—all these and similar questions have been discussed, although there's no indication of the conclusions reached. . . .

Debt limit of $125,000,000,000 gives Treasury all the leeway it wants for the time being, although experts are resigned to another boost in the maximum if the war lasts as long as is anticipated. . . .

Excess reserves were pushed down to the lowest level since Sept. 21, 1938, by the increase in Treasury deposits with the Reserve Banks to $472,000,000 (an advance of $413,000,000). . . . Excess reserves in last statement totaled $2,850,000,000 for the country as a whole, off $310,000,000 in the week. . . . In New York, surplus funds were off $55,000,000 to $880,000,000, lowest since Nov. 12, 1941. . . .

These decreases, though, were fully discounted. . . . They're to be expected around income-tax dates. . . . And they're not affecting the market adversely in any way. . . .

City of Cordoba (Argentine Republic)
IMPORTANT NOTICE—***To the holders of the issues of the Municipality of Cordoba (Argentine)*** described in the offer of the undersigned for the purchase thereof as set forth in its notice dated March 4, 1942, in this publication:
EXTENSION OF OFFER
The undersigned has extended to **APRIL 15, 1942,** the date of expiration of its aforesaid offer. Copies of the offer, together with forms of Letter of Transmittal for acceptance thereof, may be obtained from the undersigned.
As of the close of business on March 31, 1942, acceptances of the offer had been received from the holders of $3,410,000 aggregate principal amount of the above issues.
F. J. YOUNG & CO. Inc.
52 Wall Street, New York
Telephone HAnover 2-3840
Albany Philadelphia
Dated: New York, N. Y., April 1, 1942.

Searight To Manage Trading For Tellier

Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, announce that George A. Searight has joined them as manager of their trading department.

Mr. Searight entered Wall Street upon his discharge from the military service in 1919 and conducted his own firm for some ten years from 1921 to 1931, since which time he has been engaged as trading department manager for several New York firms. For the past few years Mr. Searight has specialized largely in oil and oil trust securities, with particular emphasis on the broadening market for the purchase and redistribution of producing oil royalties coming from estates and other liquidations.

Tellier & Company conduct a general business in the origination and wholesaling of producing oil royalties.

Tax-Phobic?

If your customers are suffering from the newest malady in financial circles, tax phobia, you will want to send for a copy of the current bulletin, the first of a series, on "plan for increased income to meet increased taxation" issued by Strauss Bros., 32 Broadway, New York City. Copies of this bulletin, and subsequent ones, may be had from Strauss Bros. upon request.

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Evaluator Statistics

Butler-Huff & Co., 210 West Seventh Street, Los Angeles, have just issued their "Insurance Stock Evaluator" giving in tabular form a comparative analysis of eighty-five insurance companies, as of Dec. 31, 1941. Copies of the "Evaluator" which gives interesting statistical data on the companies at a glance, may be had upon request from Butler-Huff & Co.

Copies of a bulletin on The American Insurance Company of Newark outlining the current situation, will also be sent upon request.

Vincent In Denver

(Special to The Financial Chronicle)

DENVER, COLO.—Raymond G. Vincent has opened offices at 409 High Street to engage in a securities business. In the past Mr. Vincent was in business as an individual dealer in Denver.

APR 4 1942

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

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FROM WASHINGTON AHEAD OF THE NEWS

The agitation in Washington has reached such a pitch that the country, if there were not definite signs that it is growing indignant, would undoubtedly have to hold its sides in laughter.

For several weeks the New Dealers carried on an intense campaign against Jesse Jones as being responsible for the failure of the Government to set up synthetic rubber production in 1940. It was his penny pinching, his "banker" mind, that was responsible for this, the campaign went. It has rather fully developed that the President himself was the one who checked the synthetic rubber production and in the light of the situation at the time, undoubtedly rightly so. But this is beside the point, which is that regardless of who was responsible, the Government did not want to go in for synthetic rubber production in 1940.

All during the agitation against Jones, Thurman Arnold became more and more excited. He literally itched with the "revelation" he had in hand. He kept passing out the word to the newspapermen not to go off on a limb on the Jesse Jones' story, that he had the real story and would spring it soon.

The time came when Thurman appeared before the Truman Committee, so-called because it is headed by the protege of the infamous Prendergast machine, Senator Truman of Missouri. With a story that made sensational headlines throughout the country, Standard Oil of New Jersey, was revealed as the culprit. Through its agreement with a German firm, it had been engaged in the nefarious business of exchanging its patents on synthetic rubber; it would let the German firm have its patents but it wouldn't let the U. S. Government have them.

"Near treasonable," was the way that paragon of Prendergast virtue, Senator Truman, indignantly described the attitude of Standard Oil.

Manifestly, there is something wrong with this picture. On the one hand, it is contended that the Government, because of Jesse Jones, was not interested in the manufacture of synthetic rubber

(Continued on Page 1359)

On The Foreign Front

European Stock Markets

Small and irregular changes were noted this week on the London stock market, while other European markets also were quiet. Events in the Far East gave the British center little cause for optimism. Publication of the proposals for Indian independence after the war were hopefully noted at the start of the week, but it soon appeared that the Indian leaders would not be content. A cautious tone thereupon developed and kept business to a minimum.

The London Stock Exchange was well maintained during the latter half of last week, partly because the "Warship Week" fund surpassed expectations. But the increasingly serious situation in Burma caused declines in some stocks, such as the Burma oil shares. The gilt-edged list remained firm this week, while fresh declines appeared in Burma oil, South African gold mining and various home rail stocks. Industrial issues were little changed.

French markets were reported firm in almost all recent sessions, following the successful conversion of several issues of rentes. French Government revenues were at higher levels than the markets had anticipated, and this also occasioned a little buying. A good deal of currency hoarding is said in Swiss reports to be in progress everywhere in Europe. There are no recent advices as to security trends in Axis markets.

Battle of the Atlantic

Axis submarines have stepped up their attacks on the merchant shipping of the United Nations, and it is now evident that a serious situation will have to be faced until the vastly productive yards of the United States place ships on the oceans in overwhelming tonnages. March was a bad month for our ships and those of our associates in this war against the Axis aggressors. The current month may also reveal a heavy toll of sinkings, but the tidings

(Continued on page 1357)

One Reader Says...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

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THE FINANCIAL SITUATION

If our excessively articulate apostles of unity do not promptly develop more gumption we may very well and very quickly have a problem, or a series of problems, on our hands quite possibly approximating what appear to be their worst fears. More gumption, moreover, must be employed not only in sermonizing but in the daily behavior of many of our official sermonizers. It is, of course, very difficult to estimate the extent of the danger presented by enemy or enemy-inspired espionage and sabotage within our borders—now commonly known as "fifth columns" to which the President has recently added a "sixth column"—but the dispassionate observer can scarcely doubt that the hazards inherent in the unwisdom of much of our "counter-propaganda" and of the intrigue that appears to continue unabated in official and political circles are as great, to say the least.

An almost incredible intolerance and a tendency to condemn and, if possible, to dispose of all those who disagree with one's own views about almost anything by fastening opprobrious labels upon them have always been infirmities of the American people in times of stress. There have always been political demagogues and some other leaders whose intentions are of a higher order than their acumen, ready to take advantage of this weakness. It is doubtful if in all our history these mean arts have been more sedulously and more systematically cultivated in high places than is the case today. Danger of the first order of magnitude always lurks in such a situation, and it seems to us that it is particularly ominous at present. When to this is added the inevitable effects of the "clever" behind-the-scenes intrigue, the "smart" but rather obvious stage management, which have always been par excellence the technique of the coterie of political managers now ensconced in Washington, a situation is created which the American people can not afford to ignore or neglect.

(Continued on page 1340)

The St. Lawrence And Unity

This is in reply to your letter inquiring about the worth of the St. Lawrence project.

In regard to that project, I am accepting and following the advice of Mr. William L. Batt, Director of the Materials Division of the War Production Board, and of Mr. J. A. Krug, chief of the power branch of the Materials Division.

It is their opinion that at least the power part of the project should be authorized and constructed with all possible speed. The project will require about four years for construction and when finished will provide a large and highly efficient source of electric power.

It appears that it will be possible to organize the construction program in such a way that during the first two years a minimum of critical materials would be required. Thus, most of the requirements for steel plate and all of the requirements for hydroelectric machinery would not come until 1944.

In this way the drain on our supply of critical materials would be very low during the next two years, and if at the conclusion of that period the war is still on, we would still be in a position to make such changes in the program as the war situation might require.**—Donald M. Nelson to Assemblyman Frank J. Caffery in Albany.**

If this letter was intended to support the St. Lawrence development as an aid to the prosecution of the present war, it is certainly a most extraordinary document.

To us it reads much more like a somewhat lukewarm defense of proposals for proceeding at once with the project despite our war effort.

The truth of the matter is, as Mr. Nelson may understand, that this is a highly controversial question—so controversial that not even the President has in normal times been able to make headway with it—and to take advantage of the existing situation to force action is to promote the division among us against which the President himself has so often and vigorously pleaded.

Second War Powers Bill Signed By President

The Second War Powers Bill of 1942, granting the Executive branch of the Government many additional powers for the prosecution of the war, was signed by President Roosevelt on March 28. The completion of legislative action came on March 19 when the Senate agreed to all the major changes made by the House, on Feb. 28 the chief of which were: Elimination of compensation benefits to civilian defense workers for injuries; and limiting Federal Reserve Bank purchases of Government bonds direct from the Treasury to $5,000,000,000. The Senate had previously passed the legislation Jan. 28.

The bill imposes penalties for violation of priority orders, broadens power to requisition property, gives the Interstate Commerce Commission broad controls over motor carriers and contains numerous other emergency provisions. For additional details see these columns of March 12, page 1048.

As finally passed, said Associated Press accounts from Washington March 19, the omnibus measure included these provisions:

Free postage for all persons in the armed services.

Exemption of part-time employees—such as air raid wardens and draft board members—from the Hatch Act's prohibitions against political activities by Government employees. Some part-time workers, including "dollar-a-year" men, and other dealing with contracts and procurement would be subject to the Act's ban.

Authority for the Government to examine books and accounts of all war contractors including sub-contractors.

Authority for the Treasury to sell Government securities directly to the Federal Reserve System, up to $5,000,000,000 at any one time. At present Federal Reserve purchases of such securities must be on the open market.

Authority to coin 5-cent pieces of mixed silver and copper in order that nickel ordinarily used may be diverted to war production.

Simplified naturalization procedure for all aliens serving in the armed forces, providing they entered this country legally.

Authority to the Treasury to accept special gifts and services. Some 15,000 persons have made such offers since Pearl Harbor, at a rate of about $3,000,000 a year.

Special war-time power over motor carriers and water carriers to the Interstate Commerce Commission. The authority would be similar to that now exercised over railroads.

Extension of priorities authority so that tools and machines as well as materials could be allocated. A new penalty section would permit a fine of $10,000 and a year in prison for violations of priority orders.

Authority to requisition machinery and tools now in use for civilian production or part-time war production.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

BRANCHES AUTHORIZED

Mar. 21—The Merchants National Bank & Trust Co. of Syracuse, Syracuse, N. Y.

Location of branch: Central New York Regional Market, 2100 Park St., Syracuse, N. Y.

Mar. 26—National Bank of Detroit, Detroit, Mich.

Location of branch: 20500 Van Dyke Ave., Detroit, Mich.

Editorial—

Annual Report of Southern Railway Company

The annual report of the Southern Railway Co. for the calendar year, 1941, can be considered the most favorable in the company's history. According to Ernest E. Norris, President of the company, a railroad's activity is illustrated most readily by the number of tons of revenue freight moved and by the number of passengers transported; its efficiency by the relative costs of its operations. Applying these criteria to 1941, the year showed substantial increase in activity. Freight volume increased 31.18% and passenger volume 48.97% over 1940. Freight constitutes the bulk of the railroad's business, and in 1941 Southern Railway Co. broke its freight records for all time, handling 10,558,709,260 ton miles of revenue freight, or 17.02% more than its previous high record of 1926, and received therefrom gross revenues of $116,520,375, or 3.32% more than in 1926. Southern transported the year's business with increased operating efficiency and at a transportation cost in 1941 of 31.09¢ out of each dollar of gross revenue, the lowest in the company's history, comparable to 33.87¢ in 1940 or 33.36¢ in 1926, the latter year having recorded the previous low for this ratio. Heavier car and train loading, longer runs, lower coal consumption and the lowest recorded percentages of casualties and of loss and damage to lading all contributed to this result. The company's operating ratio, including all operating expenses, except taxes and equipment and joint facility rents, was relatively low, being 63.28¢ out of each dollar as compared to 68.81¢ in 1940 and 69.38¢ in 1926. These results were attained, the business was thus handled and the property adequately maintained, notwithstanding the fact that the company owned in 1941 approximately 31% fewer locomotives and 34% fewer freight cars than in 1926, that the average number of employees was some 35% less than in 1926, and that labor rates increased as between the two periods, that is, as of December 31st in each year, by approximately 46% for maintenance of way, 37% for maintenance of equipment, and 29% for transportation employment.

That the property was thus operated at a relatively lower cost is attributable, Mr. Norris says, to many factors, among them: (1) The improvement in the art of railroading, especially in the development of labor-saving devices and techniques; (2) the productive capacity of the company's present motive power and the increased capacity of its new freight cars acquired within the last five years; (3) the continued program of long life tie renewal, due to which the property was better maintained in 1941; (4) the long term program of trestle filling; (5) the continued program of abandonment of unprofitable branch line mileage and the retirement of large numbers of obsolete side tracks and unused structures; (6) the improvement in efficiency of personnel and the high morale of the whole organization; (7) comparatively ideal weather conditions from a railroading standpoint.

Due to these factors, and to the extraordinary war activity which produced this large volume of traffic, the company was able in 1941 to carry down into net railway operating income the largest proportionate amount of gross revenues in its history, leaving available for other corporate necessities 23.43¢ out of each dollar of operating money it took in, after providing for operating expenses, taxes and equipment and joint facility rents. Net income after charges amounted to $19,369,894, an increase over 1940 of $12,017,822, and the largest amount earned by the property since the depression. The largest portion of such income went into payment of debt and reduction of fixed charges, capital expenditures and increased inventory. As a matter of fact these earnings were entirely absorbed and a dip made into the unspent balances of the two prior years' earnings to pay the items just referred to; viz: Cash expended in debt retirements, $16,817,000; capital expenditures, $8,570,926; increased inventory $2,249,000, a total of $27,636,926.

At the threshold of the depression years, in 1930, the company's fixed charges amounted to $18,030,689, plus $4,028,200 for the principal of maturing equipment obligations. In other words, after providing for all operating expenses, taxes, joint facility and per diem rents, the treasury, for the year 1930, was also required to find and pay $22,058,889. Corresponding figures for the year 1941, due to the program of debt retirement, show fixed charges reduced to $16,299,717 and maturing equipment trust installments to $3,602,000, an aggregate of $19,901,717, a reduction in such annual obligations, notwithstanding the depression years, of $2,157,172 a year, and states Mr. Norris, "the year 1942 will show a further substantial reduction in fixed charges due to the payment of debt in 1941."

That a railroad system after having sustained enormous losses during the depression years, as the Southern Railway did, should come back in the brief space of a few years and better its pre-depression records attests to its well managed and superb administration.

Editorial—

"Six Days Thou Shalt Labor"

The Ten Commandments may not rank very high among the authorities recognized by the New Deal, although they are perhaps not quite as aggressively repudiated as the leading decisions of Chief Justice Marshall. Nevertheless, a good many seem to have forgotten the clause from the Fourth which is at least an appropriate reference from which to commence consideration of the "40-hour week." For it is not to be forgotten, however clear it has become that the main present effect of that nominal restriction is to command an arbitrary increase in hourly rates of wages after attainment of the statutory maximum, that its original purpose was to establish five days as the only lawful and customary work-week. Nowhere has this truth as to the real origin and purpose of the limitation to 40 hours labor per week, that is to say, to five days of eight hours each, been better expressed, with the reasons for doing away with the restriction now that it has become dangerous and detrimental, than in an editorial in the *Hutchinson (Kansas) News*, from which we quote:

> "The theory of the 40-hour week was that there no longer was enough work to go around and so what there was had to be doled out in smaller shares to make the supply go around. The present hard fact is that even with every able-bodied person toiling 48 hours a week this Nation won't have its required implements of war as soon as it needs them."

Equally concise and clear is the analysis by the editor of the *News* of the causes of the reluctance displayed by the official leadership when radically changed conditions render continuance of the hampering restriction worse than ridiculous. He writes:

> "Because no one likes to work longer than he has to, it will take that long ('some months') for the public to wake up to the present facts. The 40-hour week was a pleasant dream. Like most dreams it ran opposite to life. It was such a pleasant dream, however, that those who planned it that way won't wake up from it until they are forced to."

Congress, of course will have to apply the force. It was Congress which wrought the original evil, although it did so under extreme executive pressure and without any enthusiasm of its own, and consequently there remains no other authority competent completely to reverse the untoward situation which now retards the war effort of the American people. The Wage and Hour Act, which embodies the 40-hour week requirement, was enacted on June 25, 1938. But none of its restrictions as to hours of labor became effective until four months (120 days) subsequently and, in order to mitigate their consequences it was provided that the limitation for the first year should be fixed at 44 hours. For the second year of its operation that is, from Oct. 24, 1939, to Oct. 23, 1940, the statutory week was reduced to one of 42 hours duration, and it was therefore not until almost the end of the year 1940, after industry had felt the quickening consequences of the rearmament program and after Germany had overcome all of Western Europe, that the eventual restriction to 40 hours became effective. Doubtless, instances can be discovered in which the penalty of a 50% increase in the hourly rate of wages balanced the scale against the increased productivity of one or two hours additional employment of the available men and machines, but the ordinary and characteristic result was quite the contrary. Instead of meaning fewer hours of employment, the common effect was to mean more pay per hour. Industry was more and more being converted to the exclusive production of war materials, with the United States footing the bills by its borrowings and its taxation, and the amounts of the bills being primarily controlled by costs of production, whatever they happened to be in any situation. Penalty wages for time in excess of 40 hours per week, under such circumstances, tended consequently to become of but the least interest to the employers, as they would be met out of operating costs planned to be compensated through the contracts and would not diminish in any way the potential gains possibly to be left after income taxes and expropriations of real or so-called excess profits. Nor were the increases in Governmental expenditures for war materials likely to seem of much greater interest to the men with splendid reputations for superior achievements in the organization of production whose patriotic services were early obtained in behalf of the war effort. Those reputations will hereafter be enhanced or impaired by the volume and promptness in which such materials are made available for consumption in warfare, not at all by effective pecuniary economies in unit costs of production. And of course no New Dealer of orthodox pretentions can condescend to admission of any interest in mere economies in production expenditures. Immediately, his interest lies in the Congressional and Gubernatorial elections of next November, ominously looming not much more than seven months in the future, and when he looks beyond that inescapable event it is towards his domination of the principles of the "changed world" which Mrs. Roosevelt, only last Friday, told students of Wellesley College the people of America are now fighting for.* They are revolted by almost everything in the established industrial order and in their language, to trouble oneself over mere exaggerated costs incurred in the appeasement of the leaders of labor unions, racketeers or merely self-deluded prophets of narrow selfishness, is just "to stumble over questions of silly dollars."

Others, however, have deep reasons for profound interest. Soon more than 4,000,000 men will be within the conscripted or enlisted military forces of the United States, subject to the strict discipline of life in the Army and in the Navy. As to the vast majority of them, pay will begin at $21.00 a month, although if legislation now pending in Congress is adopted, it may be increased, after sufficient length of service, to $42.00 a month, supplemented under certain conditions, by a 20% bonus for service in foreign countries or upon distant oceans. These defenders of American liberties and soil, whether voluntary or involuntary, have no 40-hour week, not even when they are undergoing preliminary training. They can be allowed no conventional holidays, their obligations for duty extend throughout the entire 24 hours and frequently have no limitation but the whim of the enemy and the extremity of exhaustion beyond which nature cannot be defied. Their lives may be forfeit if they fail and often they are sacrificed by errors, like want of alertness at Pearl Harbor, for which they have no shadow of responsibility.

Some day, some of these youths whose lives have been risked in the national service will return, whole in body or perhaps maimed and suffering, to resume, it is at least to be hoped, lives of tranquillity and peace within the country in the service of which they will have adventured so nobly and sacrificed so much. Throughout whatever periods of existence in the land of their birth and of their affection has then been left to them, they must share with the masses of their countrymen the burden of supporting or liquidating the indebtedness brought about by this war of unequalled exigency and magnitude. If that national debt only reaches to $200,000,000,000, which is less than most reasoning minds anticipate, and if the rate of interest can be held to no more than 2%, which all men of sound judgment must seriously doubt, the annual interest charge alone will exceed the whole cost of operating the Federal establishment, including the service of the Federal debt, while Calvin Coolidge and Herbert Hoover were the Presidents. Reference has been made to soldiers and sailors first, for the contrast between their situation and that of men very much like them who receive the vastly disproportionate wages of the munitions factories, with penalty excess payments after 40 hours per week, with abundant holidays, with relative exemption from danger and complete exemption from all severities of discipline, many of them excused from conscription only *because* they enjoy these privileges, is so extreme and so palpable. Equally, however, there should be considered the great masses of the American people, including the parents and wives of conscripts who may never return, who are mostly inarticulate and voiceless under such impositions. These, with the ex-soldiers and the ex-sailors will have to bear the accumulating Federal debt. They will pass most of it on to their posterity, but meanwhile they will have to pay most of the interest and some of the principal—or the huge mass of that debt will hamper or defeat the necessary financing of their legitimate and essential enterprises. Who will assert that these potential victims of improvidence, all these innocent sufferers from the excessive costs of the materials for warfare, do not deserve consideration? Who will contend that they are not, all of them, irretrievably damaged when, without their complicity or consent, a single unnecessary dollar is added to the vast and unavoidable costs of the present deplorable conflict? Presently, the 40-hour week, the abundant holidays, the union imposed limitations upon effort, the multifold subterfuges through which nominal wages are enhanced and nominal services curtailed, are the chief causes of the extravagant cost of the war effort of the United States. Knowledge of these intolerable conditions cannot be confined to this country. That the costs of production of all war materials in the United States are enormously excessive is as well known, if not better known, to the war-leaders of Germany, Japan, and Italy, and the smaller fry among the Axis nations, as among even the better qualified of the leaders in Congress and within the Administration. To all the adversaries of the American and democratic way of life it affords the utmost of satisfaction and perhaps the last relic of encouragement still left to them. It is up to Congress forthwith to destroy that satisfaction and utterly to remove that final vestige of encouragement. To that indispensable end, Congress ought to move promptly and drastically. It should say, in effect, to the racketeers who have traded boldly upon the cupidities of munitions workers and upon their not abnormal blindness to interests larger and more lasting than their current weekly receipts, that they shall no longer artificially enhance the costs of warfare as a means to the perpetuation of their selfish control over the organizations of workmen which they have too long and too dangerously dominated. It should force all the New Dealers to recognize that they can no longer safely attempt to barter the public safety and interest in efficient and economical conduct of the war for votes possibly to be obtained by the improvident appeasement of professional leaders of labor unions or even by pandering to the most deluded and the least patriotic among their followers. Cheap and vulgar trafficking with dire national necessity has gone very much too far and has persisted very much too long. Barefaced plunder remains barefaced plunder even when it continues with the open connivance of some of the elected and appointed servants, so-called of the public.

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*"We cannot fight this war unless we know we are fighting for a changed world," was the doctrine she proclaimed.

The State Of Trade

Business activity continues to rule at high levels, with many lines producing at or near capacity. Authoritative sources state that the number of workers in business and industry has increased 11% since the national defense program was inaugurated in June, 1940, while the total farm employment has dropped 25% in the same period. At the same time average weekly earnings have increased 36% and average hours worked jumped nearly 11%.

The heavy industries generally are holding to their recent high levels of production. The amount of electric power output distributed by the electric light and power industry for the week ended March 21, was 3,357,032,000 kilowatt hours, virtually the same as in the previous week and an increase of 12.5% over output in the comparable week in 1941, according to the weekly report by the Edison Electric Institute.

Steel operations will show a slight decline this week—the first recession since the week of Jan. 26, according to the American Iron and Steel Institute. An estimated output of 1,678,200 tons is expected, with the industry operating at 9.8% of capacity.

In the preceding week operations were at 99% and output totaled 1,681,600 tons. A month ago the industry operated at 87.2%, while the rate was 99.2% in the similar week one year ago.

The Association of American Railroads reported that 796,640 cars of revenue freight were loaded during the week ended March 21. This was a decrease of 2,716 cars or 0.3% compared with the preceding week; an increase of 26,656 cars or 3.5% compared with a year ago, and an increase of 176,265 or 28.4% compared with 1940.

Engineering construction volume for the week totaled $177,115,000, topping the corresponding volume of a week ago as reported recently by "Engineering News-Record." This is the tenth consecutive weekly construction volume to surpass the $100,000,000 mark.

Private construction exceeded the 1941 week's total by 6%, and is up 47% compared with the preceding week. Public construction volume increased by 46% over the same period last year, but is 40% lower than a week ago.

The current week's construction brings 1942 volume to $1,993,088,000, a gain of 36% over the $1,461,248,000 reported for the thirteen week period last year.

The pre-Easter buying surge carried retail sales last week totals to a new peak since Christmas-time, according to the Dun & Bradstreet, Inc., trade review. Retail sales were up 16 to 22% from the like 1941 week, despite rain and snow in the Northwest. The rapid development in seasonal buying almost equaled last year's pre-Easter peak, according to this authority.

The stage apparently is set for at least another month of rush consumer buying, according to store executives. Considerable discussion concerning shortages swelled trade to rush proportions in the last two weeks of March, with the result that trade has probably reached a peak for this time of year.

It is pointed out, however, that much of the expansion in the dollar volume of sales is due to the substantial rise in price. Consequently, the Federal Reserve department store sales index may reach a new peak this month, but will involve a lower volume of actual goods sold than during the same period of last year.

Fear of shortages is bound to persist among consumers for some time. This fear lacks foundation since stores have been stocking heavily and now have large inventories on hand. Consequently should consumers resume purchasing on a normal scale stores can continue to meet the demand.

Industrial activity is expected to accelerate markedly during April as large numbers of new war plants go into operation, and conversion is pressed in the automobile and electrical manufacturing industries. The adjusted Federal Reserve Board index of industrial activity which last month reached an estimated 178% of the 1935-1939 average, should pass the 180 mark, observers state.

The heavy industry lines within the Federal Reserve Board index expanded production about 20% during the first two months of our participation in the war. This expansion was achieved in the face of the changeover in the automobile industry. As the changeover proceeds in automobiles, it will have an important effect on production as a whole.

It is pointed out that steel production is likely to maintain its present rate through April. Aircraft production, now running at a little more than 40,000 military aircraft a year, should expand markedly as automobile plants step up output of aircraft engines, informed quarters hold.

If the United States is to accomplish in months the task which its enemies achieved in as many years, the people are to experience the full meaning of the dictators' slogan, "guns not butter," says Guaranty Trust Co. of New York in the current issue of "The Guaranty Survey."

This periodical states: "To organized business this contribution involves the drastic curtailment or complete suspension of many activities. It involves the closest regimentation that the government is capable of instituting on short notice. It involves labor shortages, disturbances to established industrial relations, plant conversions and expansion of facilities on an enormous scale. It entails diffcult problems of finance. It means rising costs and fixed prices, and critical transportation difficulties. For many concerns not capable of quick conversion to war production it means total and probably permanent disappearance. For the others, it means all the effort and rush associated with good industrial activity, but with little or no prospect of increased economic gain for the sake of which such activity is ordinarily undertaken."

The survey further states: "It is chiefly in the field of labor that this country has stopped far short of the lengths to which both our enemies and our principal allies have gone. Not only have we refrained from following the British example in providing for the conscription of labor for war industries; but we have refused to place any legal restrictions on wages, to remove existing limitations on working hours, or even to deprive labor in war industries of the right to strike."

States Rights Upheld On Picketing Issues

The United States Supreme Court on March 30 by a decision of 5-to-4 upheld a Texas States law which restricted picketing to the area of the industry within which a labor dispute arises said Associated Press advices from Washington on March 30 which added:

> Justice Frankfurter spoke for the majority in ruling that two labor unions had no right to picket a Houston cafe in order to present to the public contentions that the owner had granted a contract for construction a mile distant to a person asserted to be unfair to the unions. Justice Frankfurter said the picketing constituted a violation of the Texas anti-trust law.
>
> "Recognition of peaceful picketing as an exercise of free speech," Mr. Franfurter asserted, "does not imply that the States must be without power to confine the sphere of communication to that directly related to the dispute.
>
> "Restriction of picketing to the area of the industry within which a labor dispute arises leaves open to the disputants other traditional modes of communication. To deny to the States the power to draw this line is to write into the Constitution the notion that every instance of peaceful picketing—anywhere and under any circumstances—is necessarily a phase of the controversy which provoked the picketing."
>
> Justices Black, Douglas, Murphy and Reed dissented on the ground that restriction of the picketing by Texas violated constitutional guaranties of free speech. Justice Black contended that the information which the picketers sought to give the public was information which they "were privileged to impart and the public was entitled to receive."

Cut Rediscount Rate

The rediscount rate of the Federal Reserve Banks of Atlanta and Dallas has been lowered to 1%, effective March 21. Both these banks had a 1½% rate since August, 1937. The recent reduction in the rediscount rate was started by the Chicago bank and followed by the Richmond, St. Louis and Philadelphia banks. The Minneapolis Federal Reserve Bank announced on March 27, that effective March 28 its rediscount rate would also be reduced from 1½% to 1%. Since the New York and Boston Reserve banks have had a 1% rate in effect for several years, this latest action raises to nine the number of banks with a 1% rate. Only the Cleveland, Kansas City and San Francisco banks still carry a 1½% rate.

The action of the Chicago bank was reported in these columns of March 12, page 1039, while the change at Richmond, St. Louis and Philadelphia was noted in our issue of March 26, page 1264.

Defers Plan To Pay For Overtime With Bonds

The Treasury has postponed until about July consideration of a proposal to require employers to pay overtime wages in defense bonds. Secretary Morgenthau recently revealed this decision, explaining that the plan came so close to "enforced buying" that it could be considered only in connection with abandonment of the present voluntary system of defense bond sales. He is quoted as declaring:

> "If you made workers take their overtime in defense bonds, you couldn't expect them to buy many more voluntarily."

This plan had been suggested in testimony before the House Ways and Means Committee, which is now holding hearings on a new tax bill.

13 WPB Regional Offices

A further step toward decentralization of War Production Board activities was taken on March 26 with the establishment of 13 regional offices throughout the country, according to an announcement made by J. S. Knowlson, Director of Industry Operations of the WPB.

The cities in which regional offices will be located are Atlanta, Boston, Chicago, Cleveland, Detroit, Dallas, Denver, Kansas City, New York, Philadelphia, Minneapolis, San Francisco and Seattle. As to the action taken Mr. Knowlson said:

> Our plan is to place as much authority as possible for War Production Board operations in these new regional offices. Other field offices now operating in 120 cities will become branch offices and these will be administered by the regional directors.
>
> This will lead to more effective coordination of the service provided to the public through these branches. All of them are now offering advisory service on priorities and contract distribution, and their scope will be enlarged as the regional plan progresses.

Determination of policies and programs will rest with the divisions of the WPB in Washington. But as time goes on, it is expected that "more and more WPB activities will actually be directed in the field, in accordance with the overall WPB policy."

Mr. Knowlson also said that it is believed this regional set-up will save much time and expense for business men "because they will be able to get more of the answers nearby and not have to come to Washington."

Editorial—

Wartime Censorship

After nearly four months of warfare, packed with action both grim and heroic for the land, sea and air forces of the United States, nothing resembling a sensible policy has been adopted on the reasonably prompt disclosure of war news. There is a widespread and persistent public demand for such a policy, but the demand so far has been restrained. It is tempered by the realization that the benefit of every doubt must be given our military authorities, lest popular pressure occasion the premature disclosure of information which the enemy might find useful.

We refer, be it noted, strictly and specifically to news of military actions in which our forces are engaged. Criticism of the war effort and of the conduct of home affairs by our authorities in Washington is another matter. Although the politicians are finding the criticisms irksome, and tend now to call all critics Nazis, there can be no real question of the need for continued open and frank discussion. Only by such means can deficiencies be corrected and the incompetent called to account. Full and pitiless publicity is especially necessary where attempts are made to draw the cloak of censorship over bungling mediocrity.

The military services themselves would seem to be in duty bound to avoid censorship practices and news disclosure delays which permit the suspicion of political expediency. Such practices and delays have occurred with alarming frequency, however, and they have contributed enormously to the general sense of frustration and disappointment observable everywhere. Political scheming and military operations make up an evil mixture.

What was assumed at the time to be a guiding principle for war news was laid down March 17, by the Office of Facts and Figures in Washington. This "Statement of Governmental Wartime Information Policy" asserted that "under no circumstances does the Government withhold news from publication on the ground that the news is bad or depressing." Any withholding of news is done, it was added, "for reasons of military security." The statement of March 17 appeared to be in response to the mounting public criticism and unrest, and the assumption seemed warranted that reasonably prompt and full disclosure of war news would follow.

Such has not been the case. Anyone who scans the official reports of war developments with great care must be struck by the continued delays in disclosure. Nor is this confined to "bad" news, although there is certainly a tendency to make unfavorable items public only as an incidental to glowing reports of victorious action. Action of which the enemy necessarily had full and bitter knowledge has in some instances been withheld from official confirmation in Washington for lengthy periods. If such delays are really reasonable, in military opinion, then the reasons might well be indicated along with the information.

A few instances will suffice to illustrate the tendency. Washington disclosed officially, on March 25, that naval blows had been struck at enemy outposts on Wake Island, Feb. 24 and at Marcus Island, March 4. A good deal of damage was done and our own losses, fortunately, were inconsiderable. The Japanese naturally were aware of these blows, and they permitted all the world to know of the action at Wake Island only four days after it occurred, by means of general radio broadcasts. The delay in our own announcement certainly seems to require explanation, in view of all the circumstances.

More grave and glaring is the manner in which disclosure was permitted of certain naval losses in the Far East. At the end of an account on March 18 of heavy aerial blows against the Japanese around New Guinea, which resulted in the sinking or damaging of some 23 enemy vessels, the disclosure was made that our own forces had demolished the submarine Sea Lion at Cavite, and the destroyer Stewart at Surabaya, in order to prevent these vessels from falling into the hands of the enemy. Such demolition, quite understandable, was occasioned by inability to move the vessels, which were "under extensive overhaul," and in drydock.

It is noted in the communique that the Sea Lion was demolished in December, and it is a matter of record that our Cavite base fell into the hands of the enemy on Jan. 2. Before our own disclosure of the loss of the Sea Lion was made, the Japanese thus were aware of the circumstances for two and one-half months. Surabaya fell to the Japanese on March 8, and ten days thus were permitted to elapse before disclosure of the loss of the Stewart was made. It is specifically stated that no personnel casualties occurred in these demolitions, and the excuse that the next of kin had to be informed first will not hold.

There may be reasons for extraordinary delays in making such military news public, but it cannot be argued in any of these cases that the enemy would have been aided and abetted by prompt disclosure, for the enemy possessed the information. There may be reasons for coating the small bitter pills of necessitous ship demolitions with large coatings of victorious action elsewhere, but they are not readily apparent. Such handling of the war news cannot in any event be regarded as appropriate.

THE FINANCIAL SITUATION

(Continued From First Page)

Let first the obvious truth be stated that the welfare and the safety of this nation now imperatively requires the best that a united people can give, but let it be as bluntly asserted that the cause of unity of effort and purpose is not served by demanding complete uniformity of opinion upon the pain of being termed "fifth columnists," "sixth columnists," "tools of Hitler," or other designations of a like order, or of being labeled "stupid" or the like. Neither does it help for an Administration which loudly and often proclaims itself to be a non-partisan Administration representing all the people to act as if it were a "labor Government" as it would be called in Britain. Certainly nothing is to be gained by a continuation of the "smear" tactics which have been from the first so characteristic of New Deal political management. The cause is likewise poorly served by mere sensationalism, to which some members of Congress and some sections of the Administration itself—and in candor we must add, some sections of the press—appear to have become addicted.

Recent Events

In light of these generalizations let us turn quite without heat or passion to certain recent events and discussions. In a dispatch dated March 24 appearing in the New York "Times" of March 25, W. H. Lawrence had this to say about the President's press conference of the 24th:

> President Roosevelt deplored today the existence of a "sixth column," which, he said, was made up of Americans who wittingly or unwittingly spread the rumors and doubts devised by fifth columnists.
>
> He said that there were a great many "sixth columnists" in the United States who did their work in the newspapers, over the radio and at cocktail parties. If it were not for them, he added, the fifth column would not be successful because it would have no vehicle with which to distribute its poison. * * *
>
> The President's press conference remarks about the "sixth column" were made in response to a request for comment on a speech by Colonel Richard C. Patterson, Jr., New York State Chairman of the Defense Savings Staff and former Assistant Secretary of Commerce, who said that "the sixth columnist takes on the task of spreading propaganda in every city, town and village."
>
> **Patterson's Four Divisions**
>
> Colonel Patterson divided the "sixth columnists" into these four main categories:
>
> "Gossipers, who, in a very important and confidential manner," tell startling news about the armed forces or Government operation of the war, thus repeating "some rumor without real foundation that in many cases was planted in their minds purposely by some enemy fifth columnist."
>
> "Skeptics" who spread the propaganda of fear, as though the war is already lost and our efforts to combat the enemy are futile.
>
> "Fault-finders," who, from their clubs, cafes or country stores, "criticize—and perhaps even sneer—at the deeds and decisions of the President of the United States or other high Government executives."
>
> "The 'let-George-do-it' crowd," whose members, "either from laziness or an inferiority complex, want to put their share of the burden on the shoulders of others. While shouting for victory, they refuse to make any sacrifices to insure that victory."
>
> When the President endorsed Mr. Patterson's views on "sixth columnists," a reporter asked him to amplify his statement, and the Chief Executive replied that it would not be polite since it would include a lot of people at the press conference.

But if the President was too polite to speak more fully, his Office of Facts and Figures quickly filled the void. A few days later this strange organization published a sort of treatise upon Hitlerian propaganda methods and listed the doctrines the German Government would like to have us believe. The implication appears to be plain enough that distributors of such ideas can set themselves down as "sixth columnists"—assuming, of course, that they are not "fifth columnists." Here is a list of the doctrines, taken from the "Herald Tribune" of March 29, prepared, apparently, from the original by Bert Andrews:

1. Democracy is dying.
2. Our armed forces are weak.
3. The "new order" is inevitable.
4. We are lost in the Pacific.
5. Our West Coast is in such grave danger there is no point in fighting on.
6. The British are decadent, and "sold us a bill of goods."
7. The cost of the war will bankrupt the nation.
8. Civilian sacrifices will be more than we can bear.
9. Stalin is getting too strong, and Bolshevism will sweep over Europe.
10. Our leaders are incompetent, our Government incapable of waging war.
11. Aid to our allies must stop.
12. Our real peril is the Japanese, and we must join Germany to stamp out the yellow peril.

(Continued on page 1341)

> 13. We must bring all our troops and weapons back to the United States, and defend only our own shores.
> 14. The Chinese and the British will make a separate peace with Japan and Germany.
> 15. American democracy will be lost during the war.

As to the past, a good deal of which had best be left buried, the essay on propaganda has this to say:

> For several years before Pearl Harbor, Hitler propaganda in this country attempted to paralyze our thinking—to give the impression that the war was nene of our business; that no one would dare to attack us; that our two oceans would protect us; that, anyway, Hitler had no interest in the Western Hemisphere; that if we would only refrain from doing anything Hitler didn't like, Hitler would let us alone; that any one who warned us that Hitler meant what he said was a warmonger; that any one who urged us to gain time for our own defense by helping those who were already opposing Hitler was trying to lead us into war.

The President in his remarks to the press had the grace to be uncertain whether "sixth columnists" were behind the demand for changes in the labor laws, but certainly did not exclude the possibility of it. These are, of course, but a few of the more recent outgivings of our professional "unifiers." They are singled out because they are quite recent, and because in them the campaign seems to reach a sort of crescendo.

Now what is the thoughtful man to think of all this? Well, in the first place he will not fail to observe the large element of ordinary balderdash. There may somewhere, sometime have been a suggestion by some one that we try to find some way to become an ally of Hitler and "stamp out the yellow peril." There are some 130,000,000 people in this country, and some one of them may have been told and may have believed that we should content ourselves with the defense of our coasts. There may be some timid soul in the land who believes that our west coast is in such danger that we had better give up at once, and have it done with. To try to give the American people the impression that such nonsense as this is being widely or dangerously preached in this country, and that the press and the radio are disseminating such foolishness is to offer an affront to the intelligence of the citizenry of this country. Rumors, wild and silly rumors, have been afloat and doubtless still are afloat about a number of aspects of our military operations. Probably there always will be, certainly if better dissemination of information is not somehow provided. There is, however, so far as the man in the street is able to observe, no really serious situation in this regard despite the fact that the public often has to obtain its information from other governments, and even from the enemy.

Over-Reaching

But the really serious hazard in all this propaganda is the insidious demand that every one now agree with the Administration regarding all of its foreign policies during the past half dozen years, and the insistence upon calling all those whose opinions were carefully arrived at in the first place and are not so amenable to the argument or the invective of the President and his supporters the ugliest of names. There has all along been a large element of the American people who were more than doubtful of the wisdom of what the President was doing in foreign affairs—ever since his well-publicized "quarantine" address and even before that. Many of them are unable to understand how subsequent events have proved them wrong. Many, a very great many, supported his foreign policies on the strength of his assurances that they would not lead to war. It would be utterly foolish as well as most unwise to charge all these individuals and groups with lack of care in arriving at their conclusions to say nothing of ulterior motives. Yet they are now almost daily, by implication at least, being roundly abused—or at least those who have not publicly repented, in sack cloth and ashes and accepted the President's views as beyond cavil. Could this fail when carried to the extremes now in evidence to breed division among us at precisely the time when we need concerted effort to win the war?

And can there be any logical, or any other kind of, necessity for such a complete uniformity of opinion to insure full cooperation in the prosecution of the war? Even the man who may still have suspicions that the British "have sold us a bill of goods," who still is troubled in his own mind about the survival of democracy in this country, who is more than a little uneasy about the spread of the influence of Mr. Stalin, and who may believe that Japan is more dangerous to this country than Germany—even such a man can well understand, and must understand, that we are now, rightly or wrongly, locked in battle with both Germany and Japan and must fight as we have never fought before to save our hides—that, indeed, there is no other salvation. Would it not be much better for us all to meet on this common ground and forget past differences, in order to get along with the task in hand? Is there not serious hazard in undertaking to force the American people together on other ground where bitter battles have been fought very recently?

A Ban on Criticism?

Another unfortunate blunder is being made in the effort, whether fully conscious or not, to find in *any criticism* of the Administration evidence of either susceptibility to fifth column persuasion or simple stupidity—more often the latter. Most Presidents have been intolerant in one degree or another of criticism. The present incumbent certainly has been no exception. He has from the very first found names to call all those who disagreed with him —"economic royalists," "crusty conservatives," and many more. He should be on his guard against carrying this technique over into the present situation and labeling his critics in even less complimentary fashion. Nothing could be more resented, and quite properly so, than the appearance of charging every one who has the temerity to criticize with something closely approaching treason. By so doing he can do more to bring the American people, or certainly large numbers of them, around to the conviction that "American democracy will be lost during the war" than all the suasions of fifth columnists, imaginary or real. Yet he himself, to say nothing of many of his supporters, are coming dangerously close to doing precisely that. Mr. Patterson, whose address has already been cited, lists criticism of the President or his acts along with other behavior which would be saved from being treason only by want of "intent." These are all highly dangerous trends.

The President doubtless wants "national unity." He doubtless feels that he must have it. He can have it, or something as nearly approaching it as any President has ever had, but he must really deserve it. To deserve it he must reconsider these things both as they have to do with his own utterances and those of his associates. But he must do more than that. He must bring his own actions and those of his associates more in accord with what is appropriate for a truly national government. He must do more than attempt by artful dodges to disassociate himself from such fiascos as the OCD—and more than "pacify" critics by shifting functions to other organizations and the like. He must see to it that such things do not happen. He must show a much greater willingness, not to say determination, to have such organizations as the NYA, the CCC and many more of the early New Deal agencies go by the board and thus remove the grounds for suspicion that either he or his associates are consciously and unalterably determined to carry straight through the war all, or very nearly all, of his semi-political machinery of this sort even though the reasons assigned for its creation admittedly no longer exist. He must evince a much greater awareness of the seriousness of a continuation of greatly swollen and certainly now needless non-defense expenditures. He can not afford such disingenuousness as that he has displayed in connection with farm subsidies. He must studiously avoid such inconsistencies as that involved in insistence by his subordinates and others really under his control, if not indeed by himself, that such "controversial questions" as the labor laws be avoided at this time to save the country from the ill effects of controversy — at precisely the time that he and his associates lose no opportunity to raise and to push with the utmost vigor some of the most controversial issues of them all.

He may have had no part in the recent airing of the large, apparently grossly excessive, profits made by one small concern on war orders or the highly misleading publicity given to pre-war patent agreements between a large American oil producer and the so-called German dye trust. The wholly warped and, in truth, rather silly attitude taken by at least a number of newspapers ordinarily very friendly to the Administration and the New Deal may not have been "inspired." All of this may have been a "co-incident," but it is to be observed that experienced reporters and commentators in Washington informed the country without delay that the net result was, among other things, to start Congress off in a hurried and ill-considered campaign to "limit" profits on war contracts without the slightest regard for the intricacies of the questions involved or the relationship between profits earned and existing and prospective tax laws—and for the time being at least to relieve pressure for action on labor matters.

Now the President personally may not have had anything to do with any of these things, but it is difficult for many of us to believe that some one somewhere trained in his political technique has not been "pulling strings." The concatenation of events is too typical of procedures regularly adopted in Washington for a long time past. Neither are most of us able to believe that the President can not in large measure put an end to these "smear" tactics, this behind-the-scenes intrigue, and this dubious showmanship. He must exercise that power. This is a time for straightforward dealing. Without it we can not hope for the best results in our war efforts, the sort of results which are a product of a united effort wholly concentrated upon the one objective uppermost in all minds.

War Fund Bill Passed With 6% Profit Limit

In passing the $18,300,000,000 sixth supplemental national defense bill on March 28, the House incorporated in the measure an amendment limiting war profits on contracts paid for from the appropriation to 6%. The profit limitation was adopted by the House without debate by a vote of 70 to 8. Sponsored by Representative Case (Rep., S. D.), the amendment would prevent any part of the funds in the bill from being spent as a "final payment" on any contract for construction or supplies until the contractor had filed with the procuring agency a certificate of cost and an agreement for renegotiation of the contract and reimbursement of profits in excess of 6%.

Inasmuch as Treasury and high defense officials have voiced their opposition to placing a flat limitation on profits, preferring instead higher income and excess profits taxes, it is likely that the Senate to which the measure was sent, will make some major change or eliminate this provision altogether.

Representative Case's amendment follows:

> No part of any appropriation contained in this Act shall be available to pay that portion of a contract for construction of any character and/or procurement of material and supplies for either the military or naval establishments, designated as "final payment" to any contractor who fails to file with the procuring agency a certificate of costs and an agreement for renegotiation of contract and reimbursement of profits in excess of 6%.

The bill carries a total of $18,302,000,000, of which $145,000,000 is in contract authorizations. Most of the funds ($17,376,000,000) is to provide the Army with 31,070 new warplanes and other equipment and supplies needed for a 3,600,000-man army. The Navy receives approximately $821,000,000 and other agencies connected with the war effort get about $105,000,000.

It was reported that this measure brings to $160,889,000,000 the total of appropriations and commitments which Congress has made for national defense since July 1, 1940.

Phila. "Ledger" Bankrupt

The Philadelphia "Evening Public Ledger" has been adjudged a bankrupt by a recent decree entered by three judges of the Federal District Court at Philadelphia. David Bachman, bankruptcy referee, has been directed by the Court to dispose of the assets of the defunct newspaper's plant. The "Ledger" suspended publication on Jan. 6.

John C. Martin, former publisher of the "Ledger," filed a voluntary bankruptcy petition in Federal Court on March 20, listing liabilities at $3,502,920 and assets at $14,858. He immediately was adjudged a bankrupt and the Court assigned a referee to conduct further proceedings in case.

Incident to the bankruptcy proceedings against the "Ledger" on March 13, the Philadelphia "Inquirer" of March 14 said:

> An associated development yesterday was withdrawal by the Evening Bulletin Co. of an offer it had made March 2 to pay $10,000 for the assets of the Ledger Syndicate, because, it was explained, it would not be able to acquire the rights to all of the features if the purchase were made.
>
> U. S. District Court Judges Guy K. Bard, J. Cullen Ganey and Harry E. Kalodner disposed of both the bankruptcy and syndicate matters.

The "Bulletin's" proposal to purchase the "Ledger" was noted in our March 12 issue, page 1051.

President Signs Bill Increasing RFC Power And Providing For War Damage Insurance

Action has been completed by Congress on the bill extending the authority of the Reconstruction Finance Corporation and providing for the financing of the War Damage Corporation, and President Roosevelt signed the measure on March 27. The bill was passed by the Senate on Feb. 3, and in changed form was passed by the House on March 2. The conference report adjusting the differences between the two bills was adopted by both the House and Senate on March 18. Under the new legislation the RFC is directed to continue to supply funds to the War Damage Corp.; it is stipulated that "such funds shall be supplied only upon the request of the Secretary of Commerce, with the approval of the President and the aggregate amount of the funds so supplied shall not exceed $1,000,000,000."

When the measure passed the Senate on Feb. 3, it provided free insurance up to $15,000. However, the House on March 2, in passing the bill, rejecting all proposals to provide free insurance and the conferees on the legislation agreed to the House version, after adding an amendment making the insurance premiums uniform throughout the country. Previous reference to Congressional action was reported in these columns of March 5, page 965.

In explaining to the House on March 18, during consideration of the conference report, the provision with reference to insurance premiums which are to be charged, Representative Steagall said, according to the "Congressional Record":

> The bill passed by the House provided a system of insurance by contract and assessment, and that provision was retained by the conferees. There is no provision for free insurance except pending the time when the plan that will be established under the bill can be put into effect, which will be not later than the end of the fiscal year, or at such earlier date as may be announced by the corporation. As I stated, that is the plan provided in the House bill.

In the Senate on March 18 Senator Maloney, in moving the consideration of the conference report, obtained unanimous consent to have inserted in the "Record" the following letter addressed to him by Secretary of Commerce Jones in explanation of the contemplated procedure under the measure:

> The Secretary of Commerce
> Washington, March 17, 1942.
>
> Hon. Francis Maloney,
> United States Senate.
>
> Dear Senator Maloney: In our consideration of rates to be charged by the War Damage Corporation for protection against enemy attack, we are of the opinion that, since losses resulting from the war are a national responsibility, there should be no discrimination in rates because of geographical location.
>
> Our thought as to appropriate rates is as follows:
>
> Ten to 15 cents per $100 coverage for farms, dwellings and commercial properties up to $10,000; from 15 cents to 20 cents per $100 coverage on such risks between $10,000 and $25,000; and graduated rates on all amounts have $25,000.
>
> I doubt the advisability of making these suggestions a part of the legislation, but this letter could be put in the record as a part of the discussions. If the committee prefers making it a matter of legislation, there can, of course, be no objection.
>
> My thought about this is that the War Damage Corporation, with the approval of the Secretary of Commerce, should have as much latitude as possible to fix rates for such protection.
>
> Sincerely yours,
> JESSE H. JONES,
> Secretary of Commerce.

Senator Maloney as to the above stated that "the conferees thought that the suggested rates were as reasonable as could be expected," and he added that the conferees were unanimous. The House conferees, in their report to the House, according to the New York "Journal of Commerce," explained that:

> The conference agreement provides that the reasonable protection which the War Damage Corporation is to be authorized to make available is to cover loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval or air forces of the United States in resisting enemy attack).
>
> The Secretary of Commerce is required to determine and publish a date, which is not to be later than July 1, 1942, on which such protection will be available. The provisions of the House bill with respect to the location of property to be covered (including bridges between the United States and Canada and Mexico) are retained in substance, and the House limitation on coverage of property in transit is to apply after the date so determined by the Secretary of Commerce.
>
> Under the conference agreement, provisions of the House amendment, relating to compensation without requiring a contract of insurance or the payment of a premium or other charge, are made applicable in the case of loss of or damage to property between Dec. 6, 1941, and the date so determined by the Secretary of Commerce.
>
> The conference agreement also provides that, in view of the national interest involved, the War Damage Corporation shall from time to time establish uniform rates for each type of property with respect to which such protection is made available, and that, in order to establish a basis for such rates, the War Damage Corporation shall estimate the average risk of loss on all property of such type in the United States.

The "Journal of Commerce" on March 18 also stated that the bill as sent to the President largely followed the lines of the bill as approved by the House; for example:

> No provision is made for free insurance such as was proposed in the Senate bill.
>
> The War Damage Corporation is authorized to either insure or reinsure property against enemy action damage or damage resulting from United States forces resisting such attacks.
>
> Premium rates are to be uniform for each type of property wherever located.
>
> Authority of the corporation extends to all territories and to such places that may later fall under the domination or control of the United States.
>
> Specific authority is provided for insuring bridges between the neighboring countries of Mexico and Canada, and for insuring property in transit between the United States and any of its possessions which is not subject to marine war-risk insurance provided by the Maritime Commission.
>
> The War Damage Corporation is directed to establish its premium rates prior to July 1 next, and in the meantime from the date of Pearl Harbor and until the time the premium rates are fixed, the present policy of providing free insurance put into effect by Mr. Jones shortly after the start of the war is to continue in effect.

Under date of March 25 the same paper reported the following from its Washington bureau:

> President Roosevelt and Mr. Jones will decide the final form in which the War Damage Corporation will administer its functions. It is probable that the staff of the corporation will be kept as small as possible, and that insurance companies will be asked to help administer terms of the bill.

The War Damage Corporation was set up last December with a $100,000,000 fund.

The legislation also increases the borrowing power of the Reconstruction Finance Corporation by an additional $2,500,000,000, largely for advancing funds for war plant expansions.

New Oil Reserves In '41 Totaled 2 Billion Bbls.

The petroleum industry found 1,968,963,000 barrels of new oil during 1941, or 564,781,000 barrels more than the 1,404,182,000 barrels of crude oil produced during the year, the American Petroleum Institute's Committee on Petroleum Reserves announced on March 25.

The net increase raised total known underground reserves of petroleum as of Jan. 1, 1942, to 19,589,296,000 barrels. Total reserves on Jan. 1, 1941, were 19,024,515,000 barrels.

Most of the new oil was added through upward revisions of reserves in fields found prior to 1941, however. Further development of older fields revealed a net addition of 1,538,989,000 barrels of crude oil which had not been included in previous estimates for those fields because of incomplete development.

The committee's estimate includes only reserves in known and proved fields, and recoverable by present production methods.

Basic data for the report were developed by a number of subcommittees of experienced geologists and petroleum engineers in all important oil-producing areas.

Govt. Buys $800 Million Worth Of Farm Products

More than $800,000,000 worth of farm commodities were bought by the Agricultural Marketing Administration during the first year of the Department of Agriculture's expanded purchase program, March 15, 1941 to March 15, 1942, the Department announced on March 30. Totaling more than 7,500,000,000 pounds, these commodities were bought largely as supplies available for shipment to the United Nations under provisions of the Lend-Lease Act. They also included supplies for the Red Cross, for territorial programs, and for domestic distribution to low-income families and for school lunches.

The Department further said:

"Meat, dairy and poultry products represented more than half of all purchases made during the year. These animal proteins have been basic on the list of essential commodities for Lend-Lease shipment, with the United States agreeing to furnish 25% of the protein requirements of Great Britain. More than 1,000,000,000 pounds of meat products, largely pork and lard and valued at over $237,000,000, were included in the total. Eggs and dairy products—cheese, evaporated and dried milk—ran to 1,750,000,000 pounds costing $282,000,000.

Dried and canned fruits and vegetables, cereal products, canned fish, many miscellaneous food products, and non-food supplies were included in the year's buying. Most of the non-food items, such as cotton, tobacco, and naval stores, were made available by the Commodity Credit Corporation for Lend-Lease operations."

Nelson Approves 6% Profit On War Contracts But Doubts Proposed Bill Would Reach Desired Aim

Donald Nelson, Chairman of the War Production Board, testifying before the House Naval Affairs Committee on March 24 on the bill HR 6790 proposing to modify or abolish certain labor laws and standards, mentioned as one of the important provisions of the bill that which would limit profits derived from filling war contracts to 6% of the cost of performing such contracts. Incidentally it may be noted the House on March 28 in passing an $18,000,000,000 war appropriation included a provision limiting war profits for contracts under the measure to 6%. In his testimony before the House Committee, Mr. Nelson said, "that with the attempt to keep war contractors from obtaining excessive profits I am thoroughly in accord." "And," he added, "it is my personal belief that 6% profit is plenty in the average case." "However," he said, "I do not believe that the profit limitations in HR 6790 would reach the desired end." He went on to say:

> In the first place, I do not believe that you can tell whether or not a contractor's profit is unreasonable simply by determining its percentage in terms of the cost of performing the contract. That leaves entirely out of consideration such important matters as return on capital investment, turnover, the time required to fill the contract, and the financial structure of the contracting firm. From every angle, it seems to me that this kind of limitation makes use of a very faulty yardstick.
>
> In the second place, I believe that this limitation would force many contractors into insisting upon cost-plus-fixed-fee contracts. Suppose a contractor loses money on one job—as he may, through no fault of his own. He naturally expects to recoup his losses on the following job, so that he may show a profit on his transactions as a whole. There is no provision here for recouping losses, and hence in self-defense the contractor would be very apt to insist upon a cost-plus-fixed-fee contract.
>
> In addition, this clause would seriously increase the difficulty of converting small business to war production. The ordinary small shop will, of course, handle a relatively small contract; 6% profit on a contract costing but $40,000 would not provide the shop owner with much incentive to get into war production.

Under-Secretary of War Robert Patterson told the House group on March 19 that a 6% limitation on profits on war contracts would "completely upset the War Department's efforts to bring about general subcontracting to small business." He also pointed out that this limitation would probably increase the cost of war production to the Government. "since the 6% would tend to become the maximum and the minimum" profit on war orders.

Senator Walsh, Chairman of the Senate Naval Affairs Committee, said on March 21 that he would seek to write into a House-approved bill a 6% maximum return on war contracts. Under his proposal, Mr. Walsh said profits made on war orders would be kept separate from other income received by a business firm, the latter being subject to regular taxation. He stated that he would try to write this into the bill extending the Navy's authority to negotiate contracts without competitive bidding.

The House Naval Committee on March 25 also received testimony from its counsel, Edmund Toland, who is said to have reported that a sample survey of 15 companies handling naval contracts revealed that salaries and bonuses of their executives in 1941 ranged from 22% to 1,131% above the 1934 total.

Representative Gore (Dem., Tenn.) also told the Committee that corporate reports filed with the Securities and Exchange Commission had shown marked increases in salaries and bonuses of officials, saying they were evidence of two things—"inordinate profits and evasion of the high-bracket profit taxes." He presented to the Committee lists of corporation executives whose incomes, it is said, had increased last year up to as much as 700%.

Objections In France To Capital Gains Tax

Objections to the capital gains tax in France were indicated by the former technical adviser to the French Finance Ministry, Andre Istel, before the House Ways and Means Committee in Washington on March 20. M. Istel, stated according to advices to the New York "Journal of Commerce" from its Washington bureau, that the capital gains tax which was imposed in France after the German occupation, had the effect of increasing security prices rather than checking the rise as had been planned. In its further advices as to what M. Istel had to say the "Journal of Commerce" advices said:

> The Ways and Means Committee was told France imposed the capital gains tax to check the rise in security prices which followed a wave of inflation after the German occupation of the country but had just the opposite effect, M. Istel said.
>
> The rise in security prices was said to have resulted from French people making stock purchases as a hedge against inflation and from German efforts to gain control of French industries through purchases of stocks with money paid by France to Germany as war tribute, the former technical advisor to the French Finance Ministry said.
>
> In order to check this rise, which the Vichy Government thought might be interpreted as an indication that the capitalists were prospering while the masses were in misery, a 33⅓% tax on capital gains was imposed, the former French financial advisor said.
>
> But experience proved, he said, that the tax merely had the effect of making people reluctant to realize their profits because they would be subject to the tax, with the result that the supply of securities was diminished and prices continued to rise.
>
> Later, he said, the tax was reduced to 20% and subsequently dropped to 10%. Prior to the German occupation of France, M. Istel said, there had been no capital gains tax in France because it was believed to be unreliable as a source of income. The French objection to capital gains taxes, M. Istel said, was that in times of prosperity the budget could be balanced without such revenue while in times of depression revenues from such a tax would fall to the vanishing point.
>
> In addition, M. Istel said, it was believed that the effect of a capital gains tax would be to prevent selling in a period of rising stock prices and to increase the sale of securities in falling markets.
>
> Such an exaggeration of economic swings defeats sound financial and economic policy, the witness said, because it stimulates booms and aggravates depressions.

Inherent Strength Of American Railroads Presages Optimistic Long-Range Future

Factors on which he based his optimism "regarding the long-range future of the American railroads" were effectively presented before the Bond Club of New York on March 25 by Ernest E. Norris, President of the Southern Railway System. In unfolding his picture of the ability of the railroads to meet whatever difficulties may be ahead, Mr. Norris said:

> There's no peace in store for those of us who railroad. We have no vision of green pastures; no promise of easy times somewhere in the future. All we can foresee now is a tough struggle ahead. Yet we have no fears about the fate of our industry. If private enterprise continues to be a form of human activity, you can bet your bottom dollar that we'll be railroading—24 hours a day, Winter and Summer—till the cows come home.
>
> I am not voicing here a personal hope, colored by selfish interest. I am voicing a conviction; a conviction based on these facts:
>
> We have in this country today the greatest and the best railway transportation plant in all the world.
>
> We have attained levels of efficiency and economy in the operation of this plant that surpass our wildest dreams of only a few years ago.
>
> We have the best trained and the most efficient corps of officers and employees ever to railroad in this or any other country; men and women who have proven their ability through years of depression and years of peak-load traffic.
>
> We have the admiration and the respect of the American people who today, more than ever before, recognize the nation's need—in peacetime and in wartime—for adequate, efficient railroad transportation. We have their gratitude, too, for the job we have done in this national emergency.
>
> We have the inherent strength which carried us through the lean years of the depression and then made it possible to answer Uncle Sam's urgent call with the kind of performance that recently prompted the Chairman of the House Committee on Interstate and Foreign Commerce to say: "In all the world no better job is being done today than by the American railroads."
>
> And finally we have now a degree of cooperation between railroads and between the railroads and shippers that exceeds anything ever before recorded in industrial history. What's more, we have the machinery to perpetuate this cooperation until it becomes a fixed habit.
>
> These are the major factors on which I base my optimism regarding the long-range future of the American railroads.

In his address Mr. Norris observed that "two tremendously important things came out of the railroads' experience with Government operation during the first World War. One was a general awareness of the essential part that the railroads play in our national life." "People everywhere," he said, "realized fully (for the first time, in many cases) that all industry, all agriculture and all commerce is geared to mass transportation—which means railroad transportation. The other valuable byproduct of our experiment with Government operation consisted of the lessons that that costly experiment taught railroad men themselves."

Mr. Norris went on to say:

> They learned the real significance of the wheels under freight cars; wheels put there to make movement possible. They learned that the railroads could not "double in brass"—as carriers and as storage warehouses. They learned that the efficient operation of the railroad plant depended, to a large degree, upon the active cooperation of those who buy transportation services. They learned to be optimists by acting like pessimists; by preparing and organizing for the worst.
>
> Encouraged by the public's awareness of the essential nature of railroad services and acutely conscious of the lessons of World War I, the railroads set out 20 years ago to give this nation a new and a better transportation machine. Step by step they organized new cooperative machinery, increased their efficiency and economy, streamlined their methods, replaced their old equipment with new, and greeted warmly every new product of science and research.
>
> * * *
>
> The amazing progress of the American railroads during the past 20 years has been something of a trade secret—which, like all trade secrets, becomes an open secret in times of stress.
>
> For instance, the public learned something about railroad progress when the boom traffic of the late twenties was handled so smoothly. It learned more about the sturdiness and vitality of the railroads as they fought through ten years of depression. It has learned still more about the railroads' ability and capacity from their spectacular performances during the past three years. And it will learn a great deal more about railroads and their relation to our national life before this savage war is over.

In his concluding remarks Mr. Norris stated that "coming down specifically to the possibilities of today and tomorrow—and of the day after tomorrow, when peace returns to a tired world—I find that my long-range optimism still holds good." He continued:

> Today, the railroads are turning in a 100% plus job of living up to their pledge made in November, 1940, "to meet to the full the demands of commerce and the needs of national defense." So far not a single shipper in the United States (including Uncle Sam and all his family of departments and alphabetical agencies — War, Navy, WPB, Lend-Lease and all the rest) has been told that he cannot have all the rail service he asks for, when and where it may be needed.
>
> Tomorrow, the outlook is clouded somewhat by two questions. One is our chances for getting the new cars and locomotives we have already ordered, plus the repair and maintenance materials we must have to continue the dizzy pace at which we are now railroading. The other is the extent to which our traffic volume will be sharply increased by stepped-up war production and by the diversion of more and more tonnage from the water and highway carriers. But even these clouds have silver linings.
>
> On the brighter side of this appraisal we find:
>
> A sharp decrease in commercial demands for transportation —the conversion of the automobile industry is one example;
>
> A spreading of the entire traffic volume throughout the year —which will enable the railroads to handle it with their 20% or more of reserve capacity normally idle except for six or eight weeks in the Fall; and.
>
> The determination of both the railroads and the Government to use freight cars only for transportation — not for storage purposes.
>
> So, if we can get the cars and locomotives and materials we need—and we have the assurances of Government that we will — tomorrow's rail traffic should be handled as smoothly and efficiently as today's traffic is moving.
>
> Far off on the horizon of the day after tomorrow, when greed and aggression and brutality have been wiped from the face of the earth, we can see more clouds gathering. Yet my optimism still holds good — because I believe that we have what it takes to ride out the inevitable post-war storm.
>
> We know that we will have to face intense competition, the like of which we have never known before; competition in the air, over the highways and on the water; competition made possible by the very implements and facilities of war that we are now helping to create. But that knowledge is more of a challenge than a threat. And we will meet it with our heads high and our hearts full of hope, because we know that not one, or all, of these other forms of carriage can do the mass transportation job that the railroads can do.
>
> We know that we must bear a heavy load of taxation. But we will fare no worse in that regard than every other industry, every other commercial activity; every other individual. So, whatever our tax bill may be, we will carry on as long as there are people with money to ride our trains, farmers to ship their products, and industries to need transportation services.
>
> We know that we will have to scratch hard to keep our expenses in line with our revenues. That is not always a painless operation, but we have had to scratch before and we can do it again. Furthermore, we have today a golden opportunity to clear our decks for the storm on the horizon. And as we take advantage of this opportunity now, we are protecting the investment in our properties against the certain shock of post-war readjustment.
>
> As difficult as these problems may be (and it would be foolish to minimize them), I still feel that they will be solved because of the same elements which prompt my long-range optimism — the essential nature of railroad services; the inherent strength of the industry, proven in feast and in famine; the efficiency with which the best railway plant in the world is operated; the tested resourcefulness of men and management; the respect of a grateful nation for a job well done; and the habit of cooperation between those who run and those who use the railroads.
>
> * * *
>
> Please don't think for a minute that I am painting a rosy picture here—just because you may own, or may represent the owners of, many a railroad security. The going will be tough, otmorrow and the day after tomorrow; tougher than it has ever been before. Maybe all we'll have left is "a glove and a prayer" but we'll keep right on pitching till the game's over. And we'll win—if we have a team behind us.
>
> How about you on second base, or in the outfield? You have money on this game—plenty of it. How about doing something to help win the game?
>
> One of our troubles, you know, is too many coaches and not enough players. It would put joy in many a railroad man's heart, to see the owners of railroad securities out on the field when the opposition's heavy hitters come to bat.
>
> I leave that—as a hope—with you; as a companion hope to that which I hold for the future of our American railroads.

OPA Sets Price Ceiling On "Scarce" Articles

In what is described as the broadest action yet taken to combat price inflation affecting lines of goods made scarce by war, Acting Price Administrator John E. Hamm on March 23 set maximum prices that retailers can charge for seven major household appliances and for new typewriters as well.

Effective, March 30, the latest OPA regulations brought under Federal price control at the retail level:

New household mechanical refrigerators;

New household vacuum cleaners and attachments;

New domestic heating and cooking stoves and ranges;

New domestic washing and ironing machines;

New radio receiving sets and phonographs; and

New typewriters.

Production of all of these important articles of consumers' durable goods has been drastically curtailed or completely suspended because of the demand of war industries for the metals that are used in their manufacture. This growing scarcity has resulted in sharp price increases at wholesale and retail and in thousands of complaints from the buying public of profiteering, according to Acting Administrator Hamm. Mr. Hamm also said:

> Inasmuch as there has been no increase in manufacturers' prices, it is obvious that wholesale and retail prices are being pushed up simply on the theory that the public should be glad to get a new refrigerator or washer or vacuum cleaner or radio at any price in these times. This is the reasoning that makes for profiteering and stimulates inflation. We have the duty of preventing these twin evils and are acting accordingly. Enforced scarcity will not be permitted to dictate the price of any article subject to OPA control, now or in the future.

In addition to setting maximum prices at retail, the orders also apply at the wholesale level, and, in the case of the regulations for vacuum cleaners and new typewriters, place a ceiling over manufacturers' prices for the first time, the OPA explained, further stating:

> Four of the OPA regulations —those applying to new typewriters, domestic washing and ironing machines, radio receiving sets and phonographs, and domestic heating and cooking stoves and ranges—are 60-day "temporary orders" and peg prices at the level of March 19. The two "permanent regulations," those applying to household vacuum cleaners and attachments and household mechanical refrigerators, use for the ceiling prices the manufacturers' recommended retail price lists and "freeze" the price margins of wholesale distributors to the levels of Oct. 1-15, 1941.

Sales of typewriters are subject to allocation and rationing orders of the War Production Board and the Office of Price Administration. WPB also has "frozen" wholesale refrigerator sales and limited their sales by retailers.

Commenting further on the new regulations, Acting Administrator Hamm said:

> Today's action makes price control a matter of direct and personal interest to millions of Americans for the first time. Until now, OPA has regulated at retail only the prices of automobiles, tires, and gasoline, and the latter in only 19 States.
>
> Since well over 100 commodities and manufactured articles (including several of the products named today) have been under price control at the producing level for varying lengths of time, the nation's manufacturers are quite familiar with our regulations, and, to a lesser degree, so are wholesalers and some retailers.
>
> We are now invoking the powers granted to OPA in the Emergency Price Control Act of 1942 to set a price ceiling at the retail level over a group of articles that has been associated very closely with the "American standard of living." It would be hard to find a home in America that does not contain at least one of the household appliances involved in today's regulations, nor a commercial establishment that does not possess a typewriter.
>
> By our previous actions, which were timed to coincide with the orders of the War Production Board that cut production sharply, we feel that OPA effectively prevented an early price runaway at producing levels. What we are saying by today's orders is that the public shall not be compelled to submit to unreasonable and inflated prices at retail simply because supplies are short.

Feb. Farm Cash Income Is 40% Above Year Ago

Cash income from farm marketings and Government payments in Feb. totaled $887,000,000 compared with $1,098,000,000 in Jan. and $632,000,000 in Feb. of last year, the Bureau of Agricultural Economics, U. S. Department of Agriculture, reports in its March issue of "The Farm Income Situation". After allowing for the usual seasonal changes, income from livestock and livestock products increased slightly from Jan. to Feb., said the Bureau, but income from crops declined materially as prices of truck crops declined sharply and marketings of wheat, cotton, and corn decreased more than usual. Returns from all groups of products, however, were sharply higher than a year earlier and income from farm marketings totaled $808,000,000, 47% more than in Feb. 1941. Government payments in Feb. totaled $79,000,000, compared with $111,000,000 in Jan. and $82,000,000 in Feb. 1941.

The Bureau's summary further said:

> Income from crops in Feb. of $260,000,000 was 50% higher than a year earlier. Returns from nearly all crops were higher, but the greatest increases in returns were from soybeans, rice, potatoes, dry edible beans, and truck crops. Income from meat animals declined slightly less than usual from Jan. to Feb. as the sharp drop in marketings of hogs was about offset by heavier than usual marketings of cattle. Marketings of dairy products increased seasonally and prices declined much less than usual so that income in Feb. was slightly higher than in Jan. Returns from poultry and eggs made about the usual seasonal decline from Jan. to Feb., and returns from all livestock and livestock products of $548,000,000 were 45% higher than in Feb. of last year.
>
> For the first 2 months of 1942 cash income from farm marketings and Government payments amounted to $1,985,000,000 compared with $1,386,000,000 in the same period of 1941. Income from farm marketings totaled $1,795,000,000, 47% more than for the first 2 months of last year. Government payments in Jan. and Feb. totaled $190,000,000 this year compared with $169,000,000 a year earlier.

Liberalizing Deductions For Family Expenses Urged In Computing Individual Income Tax

A liberalization of deductions for family expenses in computing individual income taxes was proposed before the House Ways and Means Committee on March 30 by Randolph Paul, Tax Adviser to Secretary Morgenthau, who stated that "in view of the increases in tax rates which the present situation necessitated" the following changes would be desirable:

1. Medical expenses—A deduction should be allowed for extraordinary medical expenses that are in excess of a specified percentage of the family's net income. The amount allowed under such a deduction should, however, be limited to some specified maximum amount.

2. Credit for dependent children—The credit for dependent children should be revised to allow a credit for children between the ages of 18 and 21 who are in attendance at school.

3. Additional credit where wife earns income—where the wife works outside the home, additional household expenses usually are incurred which are not present where the wife is able to devote her full time to the maintenance of the home. For this reason, it is suggested that an additional credit be provided as follows: There should be allowed as a credit against the tax upon the family an amount equal to 10% of the wife's earnings. Such credit, however, should not exceed $100. A similar credit should be allowed where a person occupying the status of head of the family, such as a widow, works.

According to the Associated Press Mr. Paul said during questioning by Committee members that the Treasury believed that medical expenses up to 5% of net income are normal medical expenses with anything above, up to $2,500 over-all top, deductible as extraordinary expenses. It is added that he emphasized that "we don't want to open the door for the ordinary medical expenses that go along with every family," but that the Treasury was concerned only with extraordinary medical expenses.

Mr. Paul who had previously (on March 12) presented to the Committee his views on the Boland Bill (H. R. 6358), reference to which was made in our March 19 issue, page 1151—again expressed his opposition to the proposal in the bill for a flat 10% tax rate on capital gains—Mr. Paul, it was noted in advices to the "Wall Street Journal" of March 31 from its Washington bureau, challenged the contention of New York Stock Exchange President Emil Schram and other witnesses heard by the committee last week that a low capital gains tax, such as the 10% levy provided in the pending Boland Bill, would increase the revenue yield from this source by stimulating capital transactions and would help shift a part of the war financing load from the Government to private capital. From the same advices we quote:

> On capital gains, Mr. Paul declared that a flat 10% tax rate would be "indefensible when simultaneously we are proposing that other sources of income be taxed at rates as high as 90%."
>
> Enactment of the Boland Bill, Mr. Paul said, would result in a loss in revenue and would facilitate tax avoidance.
>
> He argued that those who favored the Boland measure take little account, if any, of the indirect effects of capital gains and losses levies on the yields of other taxes.
>
> Mr. Paul also averred that even if lowering the tax on capital gains increased the volume of gains taken for a short period, "which might happen if the tax change were not expected to be permanent," any such immediate increase in yield would be at the expense of future yield.
>
> Imposition of a tax rate on capital gains substantially below that levied on other sources of income, in his opinion, would give taxpayers a strong incentive to convert other income to capital gains. There are many ways in which this can be done, he said, mentioning retention of corporate earnings instead of paying them out in dividends. The consequent increase in the value of the corporation's assets would tend to be reflected in the value of its capital stock, and this increased value can be realized as a capital gain by selling the stock, he said.
>
> Mr. Paul claimed that the Treasury proposal would eliminate as effectively as the Boland measure any prolongation of declines in security prices due to taxation, since both proposals segregate capital losses and provide for a carryover of such losses.
>
> He said the Treasury proposal "by preventing losses from being offset against other income, would remove the incentive to loss realization; by providing a five-year carryover of losses, it would remove reluctance to repurchase after the realization of losses since later gains could be offset against earlier losses. Under the Treasury proposal, therefore, the capital gains tax could not contribute to the prolongation of a decline in security prices."

In submitting his views, Mr. Paul had the following to say, as indicated in the account March 30 to the New York "Journal of Commerce" from its Washington bureau:

> The taxation of capital gains and losses affects revenue both directly and indirectly. It affects revenue directly through taxes paid on capital gains. It affects revenue indirectly by raising or lowering the yields of other taxes, particularly corporate and personal income taxes.
>
> The proponents of H. R. 6358 (Boland Bill) claim that taxes paid directly on capital gains and losses will be greatly increased; they take little account, if any, of its indirect effects on the yields of other taxes. The Treasury believes, first, that the direct yield from capital gains and losses will be less under H. R. 6358 than under the Treasury proposal; second, that H. R. 6358 will lead to a significant loss in revenue from other taxes.
>
> The yield from capital gains depends on many uncertain factors: The level of the market, anticipations of future prices and future taxes, the cost or basis of the assets in the demands of holders, distribution of assets by income brackets, and extent to which individuals holding assets with gains also hold assets with losses.
>
> Further, the immediate and long run effect of any change in the method of taxation may differ. Even if lowering the tax on capital gains increased the volume of gains taken for a short period—which might happen if the tax change were not expected to be permanent—any such immediate increase in yield would be at the expense of future yield.
>
> Such a temporary increase in the volume of gains occurred as a result of the imposition of a low flat rate maximum tax on long-term gains under the Revenue Act of 1938. The estimated total net capital gains (before application of statutory percentages) of individuals and taxable fiduciaries filing income tax returns rose from $661,000,000 in 1937 to $817,000,000 in 1938.
>
> That this increase was temporary is shown by a decline in estimated total net capital gains from 1938 to 1939 despite a moderate rise in the stock price average. In both 1939 and 1940 the estimated total net capital gains were below the corresponding amounts in 1935, 1936, or 1937.
>
> It is important to note that despite the temporary increases in the volume of net capital gains for 1938 it was not sufficient to overcome the revenue effect of lowering the rate. The estimated revenue realized from capital transactions declined from $58,000,000 in 1937 to $53,000,000 in 1938.

The "Wall Street Journal" indicated that other points in Mr. Paul's arguments were summarized as follows:

> 1. Great Britain and Canada do not completely exempt capital gains and losses from taxation; their procedure cannot be recommended for this country.
>
> 2. The taxation of capital gains at a 10% rate cannot be justified when other income is to be taxed at rates up to 90%.
>
> 3. Short-term capital gains do not differ from ordinary income in any respect entitling them to receive favored treatment.
>
> 4. Long-term capital gains require special treatment because they accrue over a period of years but are taxed in a single year.

Likewise from the same paper ("Wall Street Journal") we quote:

> On the latter point, Mr. Paul told the committee that the major reason for differentiating between long-term capital gains and short-term capital gains is that the former may accrue over a period of time, but are included in a single year's income for tax purposes. "The concentration of the capital gain into the year of sale makes the tax higher than it would have been if the gain had been taxed as it accrued over the years," he said. "This is the reason for the special treatment of long-term capital gains under the present law and for the Treasury recommendation that long-term gains be cut in half before being included in taxable income or, at the option of the taxpayer, that the actual amount of long-term gain be subject to a flat rate of 30%."
>
> The Treasury recommends 18 months as the dividing line between short and long-term gains because gains on assets held for one year, or less, raise no accrual problem and hence are clearly short-term while gains on assets held for exactly two years, or more, raise an accrual problem and hence are clearly long-term gains, Mr. Paul explained.
>
> He also said that the present alternative flat rate of 15% on long-term gains was enacted in 1938 when surtax rates were much lower than they now are and that, he thought, the tax on capital gains should increase along with the tax on other income. "If an alternative rate of 15% was appropriate in 1938, it is far too low today," he said.
>
> In advocating a joint return which would apply to all income of husbands and wives living together, the Treasury has changed its original position. Previously, the Department had contended that some exemption should be made for earned income in instances where both husbands and wives work.
>
> Mr. Paul told the committee the Treasury has given careful consideration to the joint return issue and has "reached the conclusion that a mandatory joint return provision applicable to all income of husband and wife who are living together, should be enacted into law." A mandatory joint return, by lumping the income of husbands and wives together for tax purposes, would have the effect of forcing a larger amount of income into the high surtax brackets.

The views on the Boland bill of President Schram of the New York Stock Exchange were indicated in our March 26 issue, page 1225. Objections to the Treasury's proposal for mandatory joint tax returns by husbands and wives were submitted to the House Committee on March 25 in statement contained in a brief by Margaret Culkin Banning, writer, presented by Mary H. Donlon, New York representative of the Federation of Business and Professional Women's Clubs. The Associated Press reported this as follows:

> The suggested plan for a joint income return by husbands and wives would yield additional revenue, no doubt, and tax people who could and should in some cases perhaps pay more taxes," the brief said, "but those ends can surely be achieved without tampering with the Democratic principle which in every modern democracy gives a woman separate property rights from those of her husband."
>
> Miss Donlon expressed opposition to any proposal "that would tax a married woman's income at a higher rate than if she were single."
>
> Secretary Morgenthau told the committee three weeks ago that the present permission for married couples to file separate returns could not be justified in time of war and termed it an example of "special favoritism." He said mandatory joint returns would yield $300,000,000 in additional revenue.

In advices to the New York "Times" from Washington, March 26, it was stated:

> Charles E. Dunbar Jr., a New Orleans attorney, denounced the joint return as "grossly discriminatory and unfair" to the nine community property States whose laws treat the income of husband and wife as separate and thus taxable separately.
>
> Representative Sumners of Texas called the joint return unconstitutional, describing it as an attempt by the Federal Government to set aside the constitutional provisions of some States which have the community property system.
>
> As representative of a group of married taxpayers in the State of Washington, former United States District Judge George Donworth argued that the proposal was "wholly unjust, unfair and unconstitutional." He cited decisions of the United States Supreme Court that income taxes can be assessed only against the owner of the income and that questions of ownership are purely State questions.

On March 27 the Committee heard Treasury proposals to tax the income of existing and future State and local securities described today as "a subtle attempt" to extend the boundaries of Federal power under the pretext of obtaining war revenues. Stating this, special Washington advices to the New York "Times" March 27 added in part:

> Although the Treasury proposal had been advanced as a means of "voiding special tax privileges" and "reaching the rich man" who has "taken refuge" in tax-exempt securities, most of the witnesses agreed that it would produce only a small amount of added revenue but would add greatly to the cost of State and local government.
>
> A score of witnesses, representing most of the States, many large municipalities, and Yale and Princeton, testified.
>
> In general, they agreed that the ability of State and local governments to finance themselves at anything like the present cost would be impaired by enactment of the proposal. Local taxes would be raised, they said, to meet higher interest rates. . . .
>
> On behalf of the Conference of Mayors and the City of New York, William C. Chanler, President of the National Institute of Municipal Law Officers and New York City Corporation Counsel, declared:
>
> "The Treasury would have you believe that the Supreme Court has torn out of the Constitution all limitations upon the power of the Federal Government to interfere with the sovereign rights of the State."
>
> Mr. Chanler warned that adoption of the proposal would mean ultimately the bankruptcy of every city of the country. He said that the yield of local bonded debts is predicated in New York, as nearly everywhere, on the yield of the real estate tax, and added:
>
> "Real estate in New York and in practically every other city in America is paying every cent of taxes it can bear."
>
> Others who opposed the Treasury plan were Dr. Fred B. Fairchild, Professor of Economics at Yale; Dr. Harley Lutz, Professor of Economics at Princeton; Henry Epstein, New York Solicitor General; Austin J. Tobin, speaking for the Conference on State Defense; J. Edward Larson, State Treasurer of Florida; Charles G. Oakman, Controller of Detroit; Louis H. Shimmell, representing the Board of Education of Pontiac, Mich.; Mayor Charles E. Lee of Decatur, Ill., President of the American Municipal Association, and Carl H. Chatters, executive director of the Municipal Finance Officers Association.

Congressional leaders conceded on March 28 that controversy over proposed new levies may so delay final enactment of the new tax bill that Federal revenues for the next fiscal year will fall far short of the $9,000,000,000 increase asked by President Roosevelt in January. We quote from Washington Associated Press advices March 28, which added:

> With the House Ways and Means Committee scheduling hearings up through the middle of April, Senator George said it was unlikely that the Senate Finance Committee, which he heads, could begin consideration of the revenue measure until June.
>
> Three months more than might be required, he said, before the bill could be passed by the Senate, the differences of the two houses composed and the measure sent to the President for his signature.

New WPB Finance Bureau

Organization of a Bureau of Finance in the War Production Board to assist contractors and subcontractors in solving financial problems in connection with war orders was announced on March 28 by J. S. Knowlson, Director of the Division of Industry Operations.

The Bureau will take over the functions and personnel of the financial section of the contract distribution branch of the WPB production division. Bradley Nash, who has been head of this financial section since June, 1941, will be chief of the new unit.

The Bureau will make no loans nor will it disburse any funds to contractors, it was pointed out, but will furnish financial advice and assistance to companies engaged in war production or desirous of obtaining war contracts or subcontracts.

Cotton Textile Industry Must Increase Use of Machines To Meet New Demands

Only another major expansion in the average number of machine hours worked throughout the year will enable the cotton textile industry to meet "the present apparently limitless demand," according to W. Ray Bell, President of The Association of Cotton Textile Merchants of New York, in the Association's 11th annual survey, made public March 26. New high record figures for 1941 in practically every major statistical category are shown in the survey, together with a diminishing but still adequate supply of essential cotton textiles for civilian use. It is indicated that cotton consumption of 10,583,000 bales more than doubled the low figures at the beginning of the decade, while the output of woven cloth nearly doubled, and spinning activity increased 75% despite dismantlement during the decade of one-fourth of the equipment in place at its beginning. In his survey Mr. Bell points out that even on top of all-time record levels attained in the year preceding, 1941 showed 31% increase in consumption of raw cotton, 24% increase in mill operations as measured by spinning activity, and the largest year-to-year gain ever recorded in woven cloth production.

It is added that the all-time high record production of 11,898,362,000 square yards of cloth in 1941 represented an increase of 2,300,000,000 over 1940, and 3,500,000,000 square yards, or a gain of 42.5% over the pre-war five-year average, 1935-1939.

"Following the pattern of previous experience," the survey states, "more intensive operation of existing equipment was chiefly responsible for these unprecedented records of cotton consumption and mill activity," the survey adds:

> The increase in running time was effected by divergent methods, but basically it represents a major extension of round-the-clock operations on a 40-hour three-shift basis plus considerable overtime work.
>
> Early activity for the current year has started at even higher levels. Cotton consumption reported for January and February showed a net gain over last year of 246,000 bales of purely mill consumption for the first two full months of war effort. The total was 1,840,000 bales.

It is stated that spinning activity also showed betterment of more than 15% over the 1941 period. The statement continued in part:

> Whether this fresh peak of activity can be maintained or increased throughout the year will depend in large measure upon the success of individual plants in overcoming limitations of labor supply and equipment, especially where there is a lack of balance in the machinery for preparatory processing.
>
> Army and Navy requirements in 1941 were fully satisfied. Commercial orders during the first half of the year had to wait their turn, subject to apportionment, delay, and even cancellation, if they interfered with priority needs.
>
> As in every period of high demand, advancing costs, and limited supply, inventory accumulation was greatly encouraged in all avenues of distribution, especially those nearest the consumer. The pychology of replenishing inventories spread beyond the trades to the ultimate consumer who, on various occasions, stocked up heavily to provide against potential shortages, depreciation in quality of goods available, and further rises in price.
>
> General formulas for price determination now apply to the major portion of primary fabrics. Initiated last July in piecemeal fashion, they have gradually served to eliminate the normal market function of price as a directive of both production and distribution. Fortunately, ceiling price schedules are on a sliding scale, geared to changes in the price of raw cotton.
>
> Since June, 1941, the last month of free marketing, there has been a decline of 1.5 cents per pound in mill margins, accompanying the rise of 3.9 cents per pound in cloth prices and a gain of 5.4 cents per pound in raw cotton prices. Meanwhile, wage costs, the chief element in mill margins, have steadily risen to new heights for all time.
>
> With customary supply sources already heavily taxed to fill the increased military demands, it is hardly premature to look for additional shifts of product on the part of mills normally operating in other divisions. This growing diversion from fabrics attractive to civilian distributors to basic needs of the war program will not necessarily diminish the flow of goods through regular trade channels, except to limit quantities of some articles for purely civilian consumption. It is also expected that essential civilian uses, designated by appropriate ratings, will be supplied through normal trade agencies. Although the number of available constructions will unquestionably be reduced and substitutions made necessary, there is no reason to doubt that production will be ample to provide for all essential requirements.

Russo-Jap Fishing Pact

The Soviet-Japanese fisheries agreement has been extended for one year, it was announced in Moscow on March 21. The pact had expired on Dec. 31, 1941. In reporting this, Associated Press Moscow advices said:

> A protocol to this effect was signed at Kuibyshev by Andrey J. Vishinsky, Vice-Commissar of Foreign Affairs, and Lieut-Gen. Yoshitsugu Tatekawa, retiring Japanese Ambassador to Russia.
>
> The announcement of the agreement said there had been "an exchange of notes" on the question.
>
> Under the terms of the extension of the compact (covering fishing in Soviet territorial waters off the Siberian coast), the Japanese agreed that their fishing companies would not bid during auctioning at five of the twelve fishing grounds on which the rent period expired last December.
>
> The Japanese also agreed to pay 20% more on all payments made by their fishing companies.

Under date of March 21 Associated Press advices from Moscow had the following to say:

> An authoritative British spokesman said today that the renewal of the Russian-Japanese fisheries agreement was entirely a routine matter which is unlikely to have any great significance in the field of international relations.
>
> Another informant said the action could not be construed as any real rapprochement by the Soviet Union and Japan.
>
> He recalled the statement of Sir Stafford Cripps, former British Ambassador to Moscow, upon his return here in January, that there were basic differences between the two nations that could be settled only by force.

Selfish Demands Of Labor For Wages, Hours Hit By Babson As Periling Our Existence

In an argument against the stand of labor in insisting on peacetime hours and wages, Roger W. Babson of Babson Park, Mass., declares that "our most dangerous foe today is not Hitler. It is not Japan. It is our own refusal to give up our selfish privileges for the duration of the war." "From the evidence at hand, I regret to say," Mr. Babson states, "that labor seems to be one of the offenders." Mr. Babson, whose views were expressed in the March 14 issue of the "Christian Science Monitor" of Boston, pointed out that "I have always been on the side of those who have been working to raise the workers' standards of living." "I have always believed in collective bargaining."

Making the statement that "Democratic capitalism must be dynamic," Mr. Babson added:

> It cannot stand still if it is to succeed against the inroads of other systems that are abroad in the world today. Furthermore, I realize that the hard-won advantages which the workers in this country have achieved over the years must not be thrown away. I say this much as a good friend of all concerned and as a former Assistant to the Secretary of Labor during World War I.
>
> The grim fact confronts us, however, that we as a people are today fighting for our very lives. The continued existence of all the values we hold dear is at stake in the global war which now encompasses us. If the United Nations are defeated, the status of the American working man and woman will be degraded to that of slave labor. This is what some Congressmen seem to forget when they insist that, in this grave emergency, we must continue to grant labor the 40-hour week.

According to Mr. Babson, "when we cease to think and act as labor union leaders, or as farm union leaders, or as corporation officials and begin to act as our embattled forefathers did at Bunker Hill and Valley Forge, we shall begin to win this war." He went on to say:

> Even apart from primary patriotic reasons, labor must realize that, by insisting on the retention of its favored peacetime hours and wages status, it is bringing down upon all of us the full fury of inflation. Leon Henderson is absolutely right in his stand against wage increases, higher farm prices, and other attempts to hasten the inflationary spiral. The retention of the 40-hour week is only an oblique insistence on further wage advantages. It marks the point at which overtime pay starts. I know workers are perfectly willing any time, in war or peace, to work 48 or even 54 hours a week. It is solely a question of wages that is involved.
>
> When wage increases are absolutely necessary, they should be paid in the form of defense stamps and bonds. There are two good reasons for this: (1) It would help sop up the surplus purchasing power that would otherwise go to speed up inflation. (2) It would provide a grateful cushion for the workers later on against the dislocations of the early post-war unemployment period, when such bonds, converted into cash, would come in very handy. In fact, I believe more of present wages should be paid in defense stamps.
>
> Labor is making a fundamental mistake if it insists that peace-time prerequisites are permanently endangered if they are temporarily waived as part of the total war effort. I believe that some sort of legislation suspending the work-week limitations contained in 17 Federal laws should be enacted. Such a repeal can—by the legislative act itself—be confined to the duration of the war.
>
> After the war is over the former provisions would automatically become effective again. Such action would carry out the expressed wishes of the President.

Names Used-Car Guides Under Credit Rules

Under the instalment credit regulations as they were recently amended effective April 1, the credit value of a used automobile, instead of being based solely on the purchase price, must be based on the lower of either (1) the purchase price or (2) the average retail value as stated in one of the used-cars guides designated by the Board of Governors of the Federal Reserve System. The Board has now determined which used-car guides are to be designated initially for the purpose of this rule:

The Board's announcement, issued March 23, further said:

> For use for this purpose in any part of the United States the Board has designated certain editions of the N. A. D. A. Used Car Guide, the Market Record, and the Red Book or Blue Book. Certain other guides have also been designated for use in particular sections of the United States; these are Market Analysis Report (published at Boston), American Auto Appraisal (published at Detroit), Wisconsin Automobile Valuation Guide, Nebraska Used Car Survey, Kelley Blue Book (published at Los Angeles), The Official Guide (published at Los Angeles), and Northwest Used Car Values (published at Seattle). Detailed information as to which of these regional publications, and which editions of the national publications, have been designated for use in any particular territory, may be obtained from any Federal Reserve Bank or Branch.
>
> A dealer is not required to use any particular automobile appraisal guide, but, for purposes of complying with Regulation W, may use quotations from any of the foregoing publications that are designated for use in his territory. The maximum credit value of a used automobile on or after April 1 will be 66⅔% of whichever is the lower of (1) the cash purchase price, or (2) the "appraisal guide value" (as determined from any designated guide). An exception is made for cars of 1934 and older models, for which the maximum credit value will be 66⅔% of the cash purchase price, as at present, without the requirement relating to the "appraisal guide value."

The revised regulations were given in our issue of March 19, page 1153.

Warns Of Sixth Column

President Roosevelt on March 24 said that there was at work in this country a "sixth column" who wittingly or unwittingly is carrying out what has been devised by the "fifth column." The President said such activity was to be found in the newspapers, radio and at cocktail parties and in conversation. Calling this sixth column work to the attention of the public, Mr. Roosevelt explained that if it were not for them the fifth column would not have a vehicle to distribute its poison.

Asked To Oppose St. Lawrence Project

The Commerce and Industry Association of New York, Inc., on March 25 urged support of the resolution recently introduced in the New York State Assembly by Assemblyman Frank J. Caffery, in opposition to authorization of funds for the construction of the St. Lawrence Waterway and Power Project as provided for in the two Rivers and Harbors Bills now pending before the House of Representatives.

In letters addressed to members of the State Legislature, Thomas Jefferson Miley, the Association's Secretary, said the diversion of some 90,000,000 man hours per year from necessary war work would be "a tragic dissipation of sorely needed man power, when our war program calls for maximum production in 1943." Mr. Miley declared that according to the best authorities, the energy power sought to be secured under this project would not be available for use until 1946 or 1947. The letter continued:

> It is also evident that a very large amount of vital war materials such as aluminum, copper and steel would be diverted from war requirements for the armed forces in order to construct this project. Every particle of energy and industry should be concentrated upon to provide the arms, ammunition, ships required by the Army and Navy to meet the powerful and aggressive foes with whom we are at war.
>
> While the Congress is searching for new and additional means for revenue and while proposals are being considered to levy additional and burdensome taxes upon the people, the proposal to expand huge sums of money on projects such as the St. Lawrence Waterway and Power Project would be an indefensible use of public money that is sorely needed to defray the cost of the war.

H. Emmerich Heads USHA

The Senate on March 23 confirmed the nomination of Herbert Emmerich of Illinois to be Administrator of the United States Housing Authority, which is a branch of the new National Housing Agency. Mr. Emmerich, who has been Executive Secretary of the War Production Board, was named by President Roosevelt on March 17 to succeed Leon Keyserling, who has been acting head of the USHA since Nathan Straus resigned. Mr. Straus' resignation was noted in our issue of Feb. 26, page 847.

John B. Blandford, Jr., Director of the National Housing Agency, recommended the appointment of Mr. Emmerich. Mr. Blandford said that Mr. Keyserling would become general counsel of the NHA.

Panama Issues Bonds

In order to secure funds for the development of the agricultural program, the Government of Panama on March 1 made available to the public $500,000 worth of non-taxable 6% inversion and savings bonds, according to reports to the U. S. Department of Commerce, made available by the latter on March 16. Interest will be paid quarterly on the bonds, which were issued in denominations of $10, $50, $100, $500 and $1,000 and are redeemable in 20 years from a fund created by a levy on the national income. The Department also states:

> Due to the large amount of savings held by the banks, authorities believe the bonds will have a ready sale among all classes of people, particularly in view of the attractive interest rate.

Planting Intentions as of March 1, 1942

The Crop Reporting Board of the Agricultural Marketing Service made the following report public on March 24 on the indicated acreages of certain crops in 1942, based upon reports from farmers in all parts of the country to the Department on or about March 1 regarding their acreage plans for the 1942 season.

The Crop Reporting Board of the U. S. Department of Agriculture makes the following report for the United States, on the indicated acreages of certain crops in 1942, based upon reports from farmers in all parts of the county to the Department on or about March 1 regarding their acreage plans for the 1942 season.

The acreages shown herein for 1942 are interpretations of reports from growers and are based on past relationships between such reports and acreages actually planted.

The purpose of this report is to assist growers generally in making such further changes in their acreage plans as may appear desirable. The acreages actually planted in 1942 may turn out to be larger or smaller than the indicated acreages here shown, by reason of weather conditions, price changes, labor supply, financial conditions, the agricultural conservation program and the effect of this report itself upon farmers' actions.

	Planted Acreages			
Crop—	Average 1930-39 Thousands	1941 Thousands	Indicated 1942 Thousands	1942 as % of 1941
Corn, all	101,081	87,164	91,348	104.8
All spring wheat	21,762	16,741	15,287	91.3
Durum	3,418	2,597	2,201	84.8
Other spring	18,344	14,144	13,086	92.5
Oats	39,196	39,363	40,377	102.6
Barley	12,713	15,080	18,208	120.7
Flaxseed	2,406	3,367	4,037	119.9
Rice	943	1,257	1,454	115.7
All sorghums	12,157	18,169	17,070	94.0
Potatoes	3,365	2,793	2,814	100.7
Sweet potatoes	882	759	776	102.2
Tobacco	1,676	1,350	1,446	107.1
Beans, dry edible	1,942	2,304	2,412	104.7
*Soybeans	5,467	9,996	14,085	140.9
*Cowpeas	2,647	3,780	3,898	103.1
*Peanuts	1,951	2,498	4,150	166.1
†Tame hay	56,102	59,232	60,831	102.7
Sugar beets	833	795	983	123.6

*Grown alone for all purposes; partly duplicated in hay acreage. †Acreage harvested.

Prospective Plantings Report—March, 1942

There will be unusually large shifts between crops and a 3 to 4% increase over last year in the total crop acreage according to the annual March survey by the Crop Reporting Board of farmers' "intentions to plant." Judging from the reports received from 77,000 farmers, outstandingly large acreages will be planted to crops that can be crushed for the vegetable oils which are now urgently needed. Thus, the indications are that the acreage planted to soy beans for all purposes will be increased 41% to 14,000,000 acres, that the acreage of peanuts will be increased 66% to more than 4,000,000 acres and flaxseed increased 20% to 4,000,000 acres.

To provide for the record numbers of livestock and poultry on hand farmers are also planning to increase the total acreage in feed crops. The indicated changes from last year's plantings include a 5% increase in corn to 91,000,000 acres, a 3% increase in oats, a 21% increase in barley, 3% more land in tame hay, and 6% less land used for sorghums. If these plans are carried out, the total acreage to be planted to feed grains will be increased 6%, which about balances the 7% increase during 1941 in grain consuming livestock, including poultry, and the similar increase expected in 1942. There would be also a record acreage of tame hay and forage. If the usual acreage of wild hay is cut, the total hay and forage acreage would seem to be ample for requirements under ordinary weather conditions.

Other large changes from last year that are now in prospect are a 24% increase in the acreage planted to sugar beets to a near record total and a 16% increase over last year's large acreage of rice. Smaller, but important increases of 5 and 3% are indicated for dry beans and cowpeas which would give record acreages of each. Potatoes and sweet potatoes show increases of 1% and 2% and tobacco 7% over last year, but even with these increases the acreage of each of these crops would be somewhat smaller than have usually been grown. Tomatoes and peas for canning, onions and early cabbage will be grown on much larger acreages than last year, but current reports on other vegetables do not yet indicate any material changes in their total.

These increases in acreage will be partially offset by a substantial decrease in the acreage of wheat because of the large supply on hand and the lower wheat acreage allotments set by the Agricultural Adjustment Administration. The acreage seeded to spring wheat is expected to show a reduction of 9%. Taking as winter wheat to be left for harvest a little less than the acreage estimated last December and adding the acreages of other crops now indicated, the total for these crops, excluding vegetables, would be about 310,000,000 acres, which would be about 10,000,000 acres more than the area in these crops last year. If about the same acreage of wild hay is cut and the acreage of cotton is increased to the goal that has been set, the increase in all crops would be 12,000,000 acres, or nearly 4%, and the total would be the largest crop acreage grown since 1933.

The tendency to increase plantings this year appears to be quite general except in two groups of States. One is where wheat is important and the decrease in wheat nearly equals increases in other crops. The other region showing only nominal increases is in the Northeast and includes most of the area north of the Potomac River. In this area active industrial employment is pulling workers from the farms, limiting the operations of part-time farmers and causing some consolidation of holdings, particularly in areas within commuting distance of the factories. Similar conditions probably prevail close to booming industrial areas in other States and farmers in many States expressed some uncertainty of plans because of the labor situation.

Although farmers who are able to expand their operations seem to be preparing to put much idle land and unneeded pasture into crops, there are others who are short of help and will be compelled to reduce their crop acreage or at least reduce the acreage of crops which require the most labor. While there is little doubt that the increased acreage can be planted, farmers seem to expect an increasing scarcity of workers as the season progresses. There seems to be a realization that the boys who can keep the tractors tuned to maximum power on the farms have what it takes to run the tanks. When they go, most farmers can carry on after a fashion with the help of their girls and teen-age boys or by themselves keeping the tractor going past the usual quitting time at night, but they will leave less than the usual reserve of man power to meet such emergencies as may arise.

While the problems of labor, equipment and supplies are perplexing and are likely to become increasingly serious as the war progresses, weather conditions have been favorable and there is less tendency to hold back because of lack of subsoil moisture than there has been for years. Prospects for water for irrigation appear favorable, range conditions are good, winter losses of crops and livestock have been light and there are large reserves of feed on hand. Prices and price prospects are also favorable and financially most farmers are in better position than usual to do what they know should be done. Allowing for increased mechanization of the farms, recent increases in efficiency, the upward trend of crop yields and the record numbers of producing livestock, the national output of agricultural products seems likely to move up into new high figures this year if weather conditions permit.

On the whole, the acreages which farmers were planning in early March appear well fitted to prospective needs as they appeared at that time. Some deviation from these plans is to be expected if weather conditions interfere with usual planting dates or if a review of present plans indicate that changes are needed. In fact, changes in plans for potatoes and peanuts have probably already occurred in some areas where the farmers had not been informed regarding the new needs and incentives before their reports were mailed. In general, seedings of early planted crops are likely to be rather close to present prospective plantings as estimated by the Board. Areas harvested will depend more on weather conditions. Plantings of late crops and the acreage of hay cut will also be affected by changes in prices and by labor conditions.

Corn

The prospective acreage of corn to be planted in 1942 is estimated at 91,348,000 acres, an increase of almost 5% over the 87,164,000 acres planted in 1941, but almost 10% below the 10-year (1930-39) average of 101,081,000 acres. An increase in corn acreage over the previous year is indicated for the first time in six years, and the intended acreage is the largest since 1938. Prospective increases are general in the United States except for the South Atlantic and a few Western and New England States.

An increase of 10% in the corn acreage allotments for the commercial corn area allowed by the Agricultural Adjustment Administration is an important factor in the expected increase of planted acres. The commercial corn area includes all of the important corn counties. Greater livestock production in 1942 and to some extent, an anticipated larger demand for corn for industrial uses, particularly in surplus producing areas, is encouraging a larger acreage this season, but prospective increases in corn acreage are expected to be restricted to some degree by a shifting of acreage to oil crops.

Supplies of corn are at near record levels in most of the important producing areas at the beginning of the present season. On Jan. 1, stocks on farms were the largest on record for that date.

Prospective plantings in the North Central or Corn Belt States are expected to be 7.5% larger than last year. Increases are largest in the Western Corn Belt States where, except for South Dakota, the increases in expected plantings over 1941 range from 7% in Iowa to 15% in Missouri and 20% in Kansas, while Nebraska and Minnesota indicate a 9% increase. Decreases in winter wheat acreage and excessively wet soil condition prior to planting small grains are encouraging a larger corn acreage in Kansas and Missouri, Nebraska farmers are shifting from grain sorghums to corn. In South Dakota, intentions indicate farmers are favoring barley over corn to meet 1942 feed needs. In Iowa and Minnesota and the Eastern Corn Belt States, increased acreage allotments and greater feed needs for 1942 have encouraged larger plantings, but large increases in soy beans have tended to limit the increase in corn acreage. For the Eastern Corn Belt States, prospective increases over last year range from 2% in Ohio to 6% in Wisconsin with Illinois, Indiana and Michigan each showing an increase of 5%.

In the North Atlantic States expected plantings show an increase of 3% over last year. The South Atlantic States show a decrease of 2% compared with last year, with Georgia, the leading corn State of this group, indicating a drop of 7%. The indicated corn acreage decrease is mostly a result of an expected shift to peanuts. The South Central States indicate an increase of almost 2½% with Texas, Oklahoma and Kentucky showing sizable increases to offset the drop in planted acreage caused by the expected shift to oil crops in Alabama and Mississippi. While most Western States indicate a smaller acreage than last year, the prospective increase in Colorado is enough to offset the decrease in other States, and this section as a whole is expected to plant about 4% more than last year.

Abandonment of corn acreage has varied from .1% in 1929 to 7.5% in each of the years 1934 and 1936 over the period 1929 to 1941, inclusive. The 10-year (1930-39) average is 3.03%. The loss of acreage amounted to 1.2% in 1941.

Assuming an abandonment of corn acreage in 1942 about equal to the 10-year average excluding the severe drought years of 1934 and 1936 or about 1.9%, the probable acreage for harvest would be about 89,612,000 acres. An acreage this size would be 4% larger than that harvested in 1941 and a larger acreage than was harvested in any of the past three years.

Wheat

The prospective acreage of spring wheat to be seeded in 1942 is 15,287,000 acres, which is a decrease of 8.7% from the 16,741,000 acres seeded in 1941. This is 30% less than the 10-year (1930-39) average of 21,762,000 acres and the lowest since the beginning of seeded spring wheat acreage estimates in 1919. The spring wheat acreage appears to be restricted by the fact that the full intended acreage of winter wheat was seeded last fall in most areas where both are grown, by the decrease compared with 1941 in wheat acreage allotments under the farm program, and by the competition of feed grains and other goal crops for use of the acreage.

According to March intentions, the acreage of both Durum and other spring wheat will be smaller than last year. The greater decline is in Durum, with prospective acreage at 2,201,000, a 15% drop from last year's 2,597,000 acres, and the lowest since 1934. The indicated 13,086,000 acres of other spring is 7.5% under last year's 14,144,000 seeded acres, and the lowest year in the record beginning in 1926. There is a relatively greater decline in Durum than in other spring wheat acreage in States that grow both.

In spite of somewhat adverse weather conditions for winter wheat seeding last fall, it now appears that in most of the States the intended acreage was finally seeded, minimizing the occasion to add to spring wheat acreage from that cause. In Illinois, Iowa and Missouri, however, wet weather prevented completion of seeding some of the intended winter wheat acreage. Normally, there is very little spring wheat grown in this area, and there appears to be no shift to spring wheat to offset the heavy reduction in winter wheat, since other crops needed in the war program are expected to take up that acreage. Adjusting the winter wheat seeded acreage as published last December downward by about a half-million acres to allow for failure to seed up to intended acreage in these three States and adding to it the intended spring wheat seedings gives a total of 54,100,000 acreage seeded for the 1942 crop. This does not allow for such volunteer wheat as may be harvested as a result of the recent ruling of the Agricultural Adjustment Administration affecting volunteer wheat. The amount of such acreage may not be fully known until shortly before harvest.

If the abandonment of spring wheat is about the same as the average of the 10 years, 1930 to 1939, excluding the two abnormal years, 1934 and 1936, the acreage of spring wheat for harvest this year would be about 12,918,000 acres. If the abondonment of winter wheat is about the same as indicated in the Board's December, 1941, report, the total wheat acreage for harvest in 1942 would be approximately 49,200,000 acres. The acreage of all wheat harvested in 1941 was 55,831,000 acres, and the 10-year (1930-39) average is 55,884,000 acres.

Oats

Prospective plantings of oats in 1942 are indicated to be 40,377,000 acres, a 2.6% increase over the 39,363,000 acres planted in 1941, and 3.0% above the average plantings of 39,196,000 acres during the 10-year period from 1930 to 1939.

Compared with last year, increased plantings are indicated for all groups of States, though the increase is very slight in the West North Central group, and only 0.6% for the North Central States as a whole, which have roughly three-fourths of the oats acreage in this country. Oats plantings in the Corn Belt this year, as now estimated will total 30,045,000 acres.

Indicated oats acreage in the North Atlantic States is 1,979,000 acres, 1.7% above last year; in the South Atlantic States, 1,717,000 acres, up 11.5%; in the South Central States 4,793,000 acres, an increase of 9.3%; and in the Western States, 1,843,000 acres, 13.3% more than in 1941.

In only three States, Illinois Minnesota and Iowa, are plantings expected to be less than in 1941. In this area, oats yields were relatively low last year and increased acreages of flaxseed or soy beans are urged this year.

Factors tending to increase oats acreage are the need for feed for the increased numbers of livestock and the relatively low labor requirements to product the crop. Other incentives are the high yields secured the last two years in some States, especially in Ohio and Indiana, the development of improved varieties, and the need for a small grain nurse crop other than wheat for new seedings of clovers and grasses. Furthermore, supply of moisture is relatively good for an early crop like oats, although planting has been retarded somewhat in the southern Corn Belt.

Barley

Total planting of winter and spring barley for harvest in 1942 will amount to 18,208,000 acres, according to indicated intentions. If present plans are realized, this year's planted acreage will be the largest of record, will be 21% larger than last year, and 43% above the 10-year 1930-39 average. All sections of the country are sharing in the increase, with only the States of Iowa and Wisconsin reporting reductions. The North Central States, which produce two-thirds of the Nation's crop, are expected to have a sown acreage 16% larger than in 1941.

South Dakota is expected to have the largest seeded acreage for any one State, with present plans calling for 2,321,000 acres compared with 1,857,000 acres a year ago. In 1941, Nebraska occupied first place in point of planted acreage, with a total of 2,090,000 acres reported for that year—present indications point to an increase of 4% or a 1942 sown acreage of 2,174,000 acres.

Restrictions on wheat acreage and an expanded livestock industry make it necessary to increase either corn, or some other feed grain, or both. Barley yielded exceptionally well last year in all important areas and, as a feed grain, is almost the equivalent, bushel for bushel, with corn. It requires much less labor than corn and is better suited for harvesting with combines than oats—important considerations in view of the anticipated restricted labor supply. It has become increasingly popular as a fall sown grain in those States to which adopted, particularly Missouri and the Corn Belt States to the east where it furnishes an excellent source of fall pasture, somewhat earlier than can be obtained with wheat. It is natural, then, that barley should be substituted, where it is impracticable to completely satisfy expected needs with corn or wheat.

Abandonment of barley has varied from a low of less than 1% in 1927 to a high of 42% in 1934, and last year 7% was not harvested. Prospective abandonment this year would appear to be lighter than that experienced a year ago since the past winter was generally less severe and both fall and spring-sown portions of the 1942 crop apparently have been or will be sown under circumstances more fortunate than those of a year previous. If, however, abandonment should prove to be the same as last year, a total of about 16,933,000 acres will be harvested this summer. In 1941, 14,049,000 acres were cut for grain and during the 10-year period 1930-39 an average of 10,707,000 acres were harvested.

Typewriter Rationing Will Begin April 13

More than 100,000 new typewriters, mostly portable, will be released for rationing on April 13, the Office of Price Administration announced on March 25. Stocks of typewriters, both new and used machines, were "frozen" by the War Production Board on March 6 as indicated in our issue of March 12, page 1033.

Under the rationing plan, affecting new and used standard and portable typewriters, the list of eligibles is restricted almost entirely to the Army, Navy and other Governmental agencies and those engaged in actual production of war materials. However, the list has been broadened to permit newspapers, magazines, radio stations, civilian defense agencies, draft boards and local rationing boards to obtain new portable typewriters.

The order also provides for unrestricted rental of new portables as well as used typewriters. Rental of new standard models remains banned under the new order.

Extend Dominican 5½s

Guaranty Trust Co. of New York announced on March 25 that it is prepared to accept for extension and modification the Dominican Republic 5½% 14-year and 20-year gold bonds. Appropriate letters of transmittal may be obtained from its Corporate Trust Department.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In January

Average hours worked per week per workman were over 50 in six war industries in January, Secretary of Labor Perkins reported on March 22. The machine tool and machine tool accessories industries led with an average of 55 hours. The other industries reporting average hours per worker in excess of 50 per week were: firearms (53.1); engines, turbines, etc. (51.1); screw machine products (50.7); and instruments—professional and scientific (50.3). Other strategic war industries operated at the following levels per worker per week for the month: aircraft (48.7); shipbuilding (48.2); foundries and machine shops (46.9); brass, bronze and copper products (46.1); electrical machinery (45.4); explosives (44.9); ammunition (43.8).

"Thirty-one of the 43 durable goods industries reported industry-wide average working hours above the 40-hour mark," Secretary Perkins said. "17 of these industries," said the Secretary, "averaged above 44 hours per week. The average hours worked by all factory workers rose from 41.2 hours in December to 41.5 hours in January." The Secretary further stated:

> Included among the industries averaging below 40 hours per week were certain continuous process industries (blast furnaces, steel works and rolling mills and smelting and refining—copper, lead and zinc), industries restricted by priorities (stoves and jewelry) and building materials industries (sawmills, brick, tile and terra cotta, and cement). Average hours worked in all the durable goods industries combined, amounted to 43.7 hours, as compared with 39.1 for nondurable goods; all manufacturing averaged 41.5 hours in January.

Average hourly earnings increased 1.8%. The greater part of the increase in average hourly earnings over the month occurred in durable goods industries, where an increase of 2.2% brought the average to 88.9 cents. Hourly earnings in the nondurable industries rose 0.9% over the month to a level of 70.1 cents. Over the past year hourly earnings increased 17.5% in the durable goods as compared with a rise of 12.9% in the nondurable goods.

Weekly earnings in the durable goods industries ($40.94) increased 5.1% over the month while those in the nondurable goods industries ($26.99) showed a rise of only 0.6%. Weekly earnings in durable goods were 27.9% higher than in January, 1941, as compared with a rise of 18.8% in nondurable goods. During the past year average weekly earnings for all manufacturing industries combined have increased 25.4% to a level of $35.10.

Among the various mining industries, metal mining with 42.8 hours (virtually unchanged from the preceding month) was the only industry averaging more than 40 hours per week in January. The average for bituminous coal mines was 31.3 hours (a decline of 0.9%) while that for anthracite coal mines was 25.8 hours, a rise of 9.0% over the month. Crude petroleum producing (38.6 hours) showed virtually no change over the month, while quarrying and nonmetallic mining (38.6 hours) showed a decrease of 7.7%. Among the various public utilities, telephone and telegraph averaged 40.9 hours as compared with 39.7 for electric light and power and 46.4 for street railways and buses. Average hours in wholesale trade were 40.9 while those for retail trade were 42.1 in January, both divisions showing slight reductions since December. Each of the nonmanufacturing industries showed substantial gains in weekly earnings from January, 1941, to January, 1942.

Repays Loan With Wood Oil

Secretary of Commerce Jesse H. Jones announced on March 24 that China has repaid in deliveries of wood oil the $22,000,000 in credits advanced in December, 1938, by the Export-Import Bank to the Universal Trading Corp. of New York, Chinese-owned American corporation. The loan, used in financing the exportation of American agricultural and manufactured products to China, was to mature in five years. Wood oil is used in the manufacture of paints and varnishes.

In commenting on the repayment, Secretary Jones said:

> The deliveries of wood oil in quantities more than sufficient to repay the loan have been made by the Chinese people under the most trying and difficult circumstances. Their splendid efforts indicate not only China's determination to meet her financial obligations but are an evidence of the courage and resourcefulness of her people in the face of tremendous hardships.

Reference to the 1938 credits to China was made in our issue of Dec. 17, 1938, page 3690, the total authorized, as stated in the item, having been $25,000,000.

Loan Differentials On Irrigated Cotton

The Department of Agriculture announced on March 23 the premium and discount rates for irrigated cotton of staple length shorter than 1⅛ inches to apply under the 1942 loan program to be administered by Commodity Credit Corporation. The differentials for irrigated cotton of staple length 1⅛ inches and longer were announced Feb. 8. In its advices March 23 the Department says:

> The differentials on the shorter lengths reflect the average of the premiums and discounts which prevailed in the 10 designated spot markets for the six month period August, 1941 through January, 1942. On the longer lengths the premiums were increased to assure producers the same per acre return as on the higher yielding shorter staple varieties, to encourage increased production to supply military requirements.
>
> The complete schedule of premiums and discounts for all irrigated cottons may be obtained upon application to the Commodity Credit Corporation, U. S. Department of Agriculture, Washington, D. C.

January Crude Oil Production Continues At Record Level — Crude Runs Again Lower

Crude oil production in January, 1942 was virtually the same as in December, 1941, it is reported by the Bureau of Mines, U. S. Department of the Interior. The daily average output in January was 4.137,500 barrels, or 1,000 barrels less than in December. The Bureau's statement adds:

The gain in production in Texas in January over December of about 53,000 barrels daily nearly balanced decreases in other important States, namely, Oklahoma, Illinois, and Kansas. California recorded a small decline, Louisiana a slight gain. New records were established for Louisiana, Mississippi, and the Texas Gulf Coast.

Production remained virtually unchanged and crude runs to stills showed the first large decline in many months, so that the increase in crude oil stocks was greatly accelerated. There were about 7,000,000 barrels added to stocks in January, but the total on Jan. 31, was roughly 10,000,000 barrels less than a year ago.

Refined Products

Daily average crude runs to stills in January reflected transportation difficulties and declined to 3,840,000 barrels, compared with 4,032,000 barrels in December. The principal changes in yields were a decline of about 1% for gasoline and an increase of about ½ of 1% in distillate.

The total demand for motor fuel (domestic origin) in January was about 52,000,000 barrels, or 10% over a year ago. This is probably the last month until after the war that such a gain will occur, as tire conservation did not really get underway until February. Inventories of finished and unfinished gasoline again increased about 7,000,000 barrels, the total on Jan. 31 of 101,213,000 barrels being roughly 11,000,000 barrels above last year's level.

The permissible data for fuel oil for January indicate that the demand for heavy grades continued to run at least 10% over last year and distillate grades may have been up 20%.

According to the Bureau of Labor Statistics, the price index for petroleum and petroleum products in January, 1942, was 59.5, compared with 59.8 in December and 50.0 in January, 1941.

The crude oil capacity represented by the data in this report was 4,667,000 barrels, hence the operating ratio was 82%, compared with 88% in December and 83% in January, 1941.

SUPPLY AND DEMAND OF ALL OILS

[Thousands of Barrels]

NEW SUPPLY	Jan., 1942	Dec., 1941	Jan., 1941	*Jan., 1940
Domestic production:				
Crude petroleum	128,262	128,293	110,647	113,056
Daily average	4,137	4,138	3,569	3,647
Natural gasoline	7,488	6,082	4,884	4,308
Benzol	208	323	313	273
Total production	135,958	134,698	115,844	117,637
Daily average	4,386	4,345	3,737	3,795
Imports:				
Crude petroleum	†	†	2,793	1,950
Refined products	†	†	2,910	2,763
Total new supply, all oils	†	†	121,547	122,350
Daily average	†	†	3,921	3,947
Decrease in stocks, all oils	2,252	‡1,469	4,694	4,581
DEMAND				
Total demand	†	†	126,241	126,931
Daily average	†	†	4,072	4,095
Exports:				
Crude petroleum	†	†	1,687	4,265
Refined products	†	†	5,531	6,792
Domestic demand				
Motor fuel	†	†	45,344	40,385
Kerosene	†	†	7,769	7,642
Distillate fuel oil	†	†	21,010	22,462
Residual fuel oil	†	†	32,817	32,473
Lubricating oil	†	†	2,367	2,054
Wax	†	†	133	125
Coke	†	†	977	689
Asphalt	†	†	1,136	822
Road oil	†	†	125	132
Still gas	†	†	5,349	5,872
Miscellaneous	†	†	242	197
Losses	†	†	1,754	3,021
Total domestic demand	†	†	119,023	115,874
Daily average	†	†	3,839	3,738
STOCKS				
Crude petroleum:				
Refinable in U. S	253,531	246,884	263,251	240,605
Heavy in California	10,543	10,179	11,839	13,385
Natural gasoline	4,802	4,275	5,490	4,476
Refined products	284,415	§294,205	277,373	262,791
Total, all oils	553,291	§555,543	557,953	521,257
Days' supply	†	†	137	127

*Final figures. †Publication suspended. ‡Increase. §New basis as of Jan. 1, 1942.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS

[Thousands of Barrels]

	January, 1942		December, 1941		Jan.,	Jan.,
	Total	Daily av.	Total	Daily av.	1941	1940
Arkansas	2,251	72.6	2,304	74.3	2,158	2,098
California:						
Kettleman Hills	1,003	32.3	1,075	34.7	1,218	1,495
Long Beach	1,171	37.8	1,193	38.5	1,295	1,428
Wilmington	2,603	84.0	2,662	85.8	2,526	2,599
Rest of State	14,710	474.5	14,660	472.9	13,842	13,438
Total California	19,487	628.6	19,590	631.9	18,881	18,960
Colorado	196	6.3	189	6.1	111	110
Illinois	11,585	373.7	12,332	397.8	10,293	11,524
Indiana	538	17.4	578	18.6	617	203
Kansas	7,650	246.8	7,957	256.7	6,109	5,319
Kentucky	344	11.1	394	12.7	424	383
Louisiana:						
Gulf Coast	8,664	279.5	8,682	280.1	6,855	6,148
Rodessa	388	12.5	391	12.6	480	646
Rest of State	1,811	58.4	1,697	54.7	1,635	1,430
Total Lousiana	10,863	350.4	10,770	347.4	8,970	8,224
Michigan	1,618	52.2	1,759	56.8	1,252	2,043
Mississippi	2,489	80.3	2,185	70.5	541	117
Montana	679	21.9	683	22.0	597	530
Nebraska	1,115	3.7	159	5.1	81	3
New Mexico	3,601	116.2	3,478	112.2	3,134	3,471
New York	453	14.6	468	15.1	424	458
Ohio	277	8.9	308	9.9	263	207
Oklahoma:						
Oklahoma City	2,446	78.9	2,645	85.3	3,033	3,338
Seminole	3,143	101.4	3,223	104.0	3,133	3,627
Rest of State	7,064	227.9	7,389	238.3	6,758	6,177
Total Oklahoma	12,653	408.2	13,257	427.6	12,924	13,142
Pennsylvania	1,501	48.4	1,527	49.3	1,416	1,522
Texas:						
Gulf Coast	13,293	428.8	12,798	412.8	10,284	10,916
West Texas	9,651	311.3	9,261	298.8	6,616	7,174
East Texas	12,424	400.8	11,940	385.1	10,998	12,571
Panhandle	2,792	90.0	2,702	87.2	1,882	2,351
Rodessa	309	10.0	319	10.3	474	732
Rest of State	10,670	344.2	10,480	338.1	9,420	8,721
Total Texas	49,139	1,585.1	47,500	1,532.3	39,674	42,465
West Virginia	294	9.5	302	9.8	286	234
Wyoming:						
Lance Creek	692	22.3	680	21.9	804	739
Salt Creek	403	13.0	426	13.8	452	445
Rest of State	1,428	46.1	1,442	46.5	1,231	854
Total Wyoming	2,523	81.4	2,548	82.2	2,487	2,038
Other	*6	.2	5	.2	5	5
Total United States	128,262	4,137.5	128,293	4,138.5	110,647	113,056

*Includes Missouri (4), Tennessee (1), and Utah (1).

Survey Of Sales Finance Companies—Other Fields Entered As Automobile Loans Decline

A decrease of 78%, from December, 1941, to January, 1942, in the amount of new automotive financing for both the number of cars and for the dollar volume of paper acquired was announced March 24, by J. C. Capt, Director of the Census. The number of used cars financed was down 31% for the same period, while the dollar volume of used car paper acquired was down only 24%. Outstanding balances for retail automotive paper was down 7%, but the outstanding balances for wholesale automotive paper was up 12%. These data clearly reflect the trends in automotive financing resulting from the restrictions on the sale of new cars and on the granting of credit for installment sales financing. It should be noted, however, that the volume of paper acquired during January includes the financing of a number of new cars sold during earlier periods.

Outstanding balances for retail automotive financing rose from an index of 100 on Jan. 31, 1940, to 134 on Jan. 31, 1941, and to 139 on Jan. 31, 1942. The index for Jan. 31, 1942, was 10 points lower, however, than for Dec. 31, 1941.

This monthly report replaces the one for "Automobile Financing" which has been published by the Bureau of the Census. The data from 346 sales finance companies is published as reported without seasonal or other adjustments. Forty-five States and the District of Columbia are represented, and all types of sales finance companies engaged in automotive and diversified financing of wholesale and retail sales have been included.

The purpose of this survey of the sales finance companies is to show the current trends month by month of their outstanding balances and of their volume of paper acquired. The dollar volumes reported may not be used to indicate the total amount of financing by all of the sales finance companies. While the purpose is to show current trends, the data are related, as far as possible, to comparable data for previous years by means of index numbers. Any use of these indexes to calculate current volumes for all sales finance companies must be qualified by assumption as to the representativeness of the sample.

To show trend from one month to another, schedules from any one company must be available for both months. Thus schedules sent in for January were matched with the automobile finance schedules for December to obtain the current trends of automobile financing. Furthermore, since the base period for the index of outstanding balances is Dec. 31, 1939, and since schedules could not be matched for December, 1939, and January, 1942, the index of the outstanding balances as of Jan. 31, 1942, was obtained by calculating the percentage decrease of the outstanding balances, as shown by the matched schedules, and by linking this percentage to the index previously derived for December, 1941. The indexes for outstanding balances as of Dec. 31, for 1939, 1940, and 1941, were calculated from the data sent in on a supplementary report to the monthly report for January, 1942, while those for retail automotive as of the end of the month for January to November, 1941, were calculated from the data in the "Automobile Financing" report previously published by the Bureau of the Census.

Indexes for the months of January, 1940, and of January and December of 1941, were derived from data published in the "Automobile Financing" report, with the 1939 monthly average as the base. The index for January, 1942, was obtained by linking the percentage decrease in the volume of paper acquired as shown by matched schedules to the index for December, 1941.

Figures of automobile financing for the month of December, 1941, were published in the Feb. 26, 1942, issue of the "Chronicle," page 857.

SALES FINANCE COMPANIES

Index of Trends in Volume of Automotive Paper Acquired *

[1939 Monthly Average = 100]

	Retail financing						Wholesale financing
	—New cars—		—Used cars—		—Total†—		
Period—	Index of number	Index of dollar volume	Index of number	Index of dollar volume	Index of number	Index of dollar volume	index of dollar volume
1939—Monthly average	100	100	100	100	100	100	100
1940—January	93	95	86	89	88	93	151
1941—January	117	130	115	129	116	130	189
December	64	77	88	110	80	92	158
1942—January	14	17	61	84	45	47	82

*Data for January, 1942, based on reports for that month from 222 companies who had also reported for December, 1941. Data for 1939, 1940 and 1941 derived from the report "Automobile Financing" previously published by the Bureau of the Census.

†Data in this column based on reports from companies providing the breakdown in the two preceding columns and also reports from companies who could not supply a breakdown between new and used cars.

AUTOMOTIVE FINANCING

Volume of Paper Acquired During January, 1942 *

	—Number of cars—		—Volume—	
Class of paper—	Number	% of total	Dollars	% of total
Total retail automotive	*125,304*	*100*	*†$54,766,462*	*100*
New passenger cars	12,641	10	9,666,816	18
New trucks, buses, tractor-trailers	2,261	2	3,013,143	5
Used passenger cars	104,813	83	39,843,646	73
Used trucks, buses, tractor-trailers	5,589	5	2,242,847	4
Total wholesale automotive	------	---	*†$84,888,863*	*100*
New cars (passenger & commercial)	------	---	75,072,638	88
Used cars (passenger & commerc'l)	------	---	9,816,225	12

*Data based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. Not all sales finance companies hold each class of paper, consequently the number of companies whose data are included in any one item varies.

†These amounts are less than those reported in the table on "Automotive and Diversified Financing" due to the inclusion in the latter table of the data from sales finance companies that could not provide a breakdown.

SALES FINANCE COMPANIES
DIVERSIFIED FINANCING

Volume of Paper Acquired During January, 1942 *

	Volume of paper acquired	
Class of paper—	Dollars	% of total
Retail—other consumers' goods:		
Furniture	$314,694	3
Radio, television sets, pianos and other musical instruments	421,128	4
Refrigerators (gas and electric)	1,282,686	13
Other household appliances	759,954	8
Residential building repair and modernization	2,354,446	23
Miscellaneous retail	*1,044,203*	*10*
Total retail—other consumers' goods	†6,177,111	61
Total wholesale—other consumers' goods	3,210,600	31
Industrial, commercial, and farm equipment	822,613	8
Total diversified financing	$10,210,324	100

*Data based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. Not all sales finance companies hold each class of paper. Consequently the number of companies whose data are included in any one item varies.

†This amount is less than that reported in the table on "Automotive and Diversified Financing" due to the inclusion in the latter table of the data from companies that could not provide a breakdown.

AUTOMOTIVE AND DIVERSIFIED FINANCING *

Volume of Paper Acquired During January, 1942, and Balances Outstanding Jan. 31, 1942

	Volume of paper acquired during January, 1942		Outstanding balances Jan. 31, 1942
Class of paper—	Dollars	% of total	Dollars
Total retail automotive	$55,109,971	31	$1,203,582,833
Total wholesale automotive	103,005,974	59	295,978,585
Total wholesale—other consumers' goods	3,183,893	2	9,814,841
Total retail—other consumers' goods	12,611,589	7	292,206,108
Industrial, commercial and farm equipment	802,647	1	11,620,292
Total sales financings	$174,714,074	100	$1,813,202,659

*Data based on reports from companies reporting comparable figures for outstanding balances and for paper acquired. Not all companies hold each class of paper. Consequently the number of companies whose data are included in any one item varies.

Synthetic Rubber Expansion Held Unnecessary By Jesse Jones In 1940, Says Batt of WPB

William L. Batt, War Production Board official, told the Senate Defense Investigating Committee on March 24 that the defunct National Defense Advisory Commission had recommended in September, 1940, the building up of the Nation's synthetic rubber production to 100,000 tons annually, but that Jesse H. Jones, Federal Loan Administrator, had overruled such a proposal since he considered the program larger than necessary. Mr. Batt, director of raw materials for the WPB, said Mr. Jones was understood to have the support of President Roosevelt in rejecting the program.

Reporting on the testimony, United Press Washington advices said:

> The NDAC — a commission whose powers were purely advisory—began its study of the synthetic rubber situation in June, 1940, Mr. Batt told the committee. At the time, he explained various private companies proposed to engage in production of the material.
>
> "Their proposals added up to 108,000 tons of synthetic rubber but we rounded it off into 100,000 tons," Mr. Batt explained. He was then a NDCA member.
>
> He said the synthetic rubber plan was embodied in a letter written to President Roosevelt by E. R. Stettinius, Jr., on Sept. 12, 1940, in which it was pointed out that "the plants could not be reproduced in less than 12

In testifying on March 24 Mr. Batt said he had no criticism to make of Mr. Jones' decision "in any way, shape or form," observing that the Commerce Secretary was receiving at the time information from "high sources as to what might happen to the Dutch East Indies" and acted on what he believed to be the facts. Associated Press accounts from Washington March 24 reporting this, added:

> Many persons, Mr. Batt said, believed in 1940 that The Netherlands East Indies would not fall and were unwilling to "speculate" with public money in the construction program.
>
> "It looked," he told the committee, "like we were speculating with these elaborate projects."
>
> Mr. Batt headed a committee of the National Defense Advisory Commission which made a study of the rubber supply and on the basis of statements from various industries as to their willingness to participate.
>
> Mr. Jones, the witness said, believed that "some synthetic rubber should be developed but he thought we were too pessimistic" and that it would be "unduly wasteful" to embark upon an "untried field" on such a large scale.

Mr. Batt testified that there was no difference of opinion between Mr. Jones and the War Production Board over development of synthetic rubber now and that Mr. Jones had advocated even a larger goal than the 600,000-ton production sought by WPB for 1943. This program, he added, was now going ahead expeditiously and had made "excellent" progress in the last 30 days.

The National Defense Advisory Commission, it is pertinent to state, was set up in May, 1940, as an adjunct to the revived Council of National Defense (noted in "Chronicle" of June 1, 1940, page 3439). When the Office of Production Management was established in December, 1940, the NDAC was made a subdivision (reported issue of Dec. 28, page 3825). Subsequently, the OPM and its divisions were abolished in January, 1942 and replaced by the War Production Board (referred to in these columns of Feb. 5, page 562).

City Defense Housing

Cities crowded with defense workers face the challenge of producing "really low-cost homes," of rehabilitating existing substandard structures into decent living units, or of over-building in a manner which may cause serious difficulties after the war, John H. Fahey, Commissioner of the Federal Home Loan Bank Administration, declared on March 28.

"The War Production Board has authorized construction of 200,000 more housing units by private industry," said Mr. Fahey. He added:

> These units are needed for defense workers and must be produced, but if they do not meet the needs of low-income workers, they will not achive their purpose. Briefly, the situation can be summarized.
>
> 1. There always has been a lack of low-cost housing for low-income workers. All that is produced now by private industry should have a use after the war. That does not mean $6,000 housing in most cities—it means $3,000 and $4,000 housing.
>
> 2. Rehabilitation is the cheapest method of producing additional housing and the use of existing structures, and utilities—streets, water, electricity, sewers, etc.—will protect rather than harm property values.
>
> 3. Too much new housing built on the rims of cities, speeding the abandonment of centralized locations, or built where a large amount of substantial but neglected housing exists, may cause a serious situation in many communities when war industries are closed down.

Temporary Ceiling On Newsprint Fixed By OPA

The Office of Price Administration issued on March 26 a 60-day price ceiling keeping domestic prices of newsprint at the present level of $50 a ton. Acting Price Administrator John E. Hamm said the ceiling will go into effect on April 1 and on or before its expiration date, May 30, a permanent price regulation will be issued. Meanwhile, a study of costs of production will be made to determine whether or not the permanent regulation should be higher than the $50 per ton. The present price of $50 a ton on newsprint in the United States has been in effect since January, 1938, having been increased $7.50 a ton at that time.

With regard to the OPA's action, the Associated Press reported:

> The ceiling in effect cancels out an announced increase to $53 recently announced by Canadian producers who furnish more than 75% of this country's supply, because OPA ceiling orders forbid American buyers to pay more than the prescribed maximum, as well as fix the price at which United States manufacturers may sell.
>
> The OPA and the Canadian Government, on this country's initiative, have been attempting for several weeks to reach a joint price ceiling, which would be the first United States-Canadian combined price action.
>
> The temporary price ceiling does not mean failure of this effort, it was pointed out, because negotiations with Canada will continue on the basis of cost studies under way in both countries.

China Aid To Be Reserve For Notes & Bond Backing

In expressing the Chinese Government's gratitude for the $500,000,000 financial aid extended by the United States, Dr. H. H. Kung, Minister of Finance, said on Mar. 25 that it demonstrated faith "in China's ability to fulfill its part in the sacred union of all the free peoples against tyranny." The generous terms of the Chinese-American agreement, he said, "show clearly the spirit of close collaboration and mutual aid that exists and prove the determination of the anti-Axis powers to act promptly and effectively to insure the success of the common cause.

His statement continued:

> It is our firm intention to make the best possible use of this financial assistance. The primary objective of the loan is to strengthen China's war economy and not to facilitate the restoration of peace economy as the proponents of the re-establishment of a free foreign exchange market would appear to imagine. Such a measure would make no contribution to the war effort and would benefit only the speculators.
>
> We intend that the new loan, in the first place, will provide a solid reserve for our note issue. This measure will directly strengthen confidence in Chinese currency throughout China. In the second place we will utilize it as a backing for new internal bond issues on a foreign currency basis (to be known as Allied Victory Loan Bonds), which, by providing an attractive saving medium, will tend to stimulate the volume of saving and at the same time encourage the liquidation of hoarded goods.

The agreement concerning financial aid to China was reported in these columns March 26, page 1260.

Rockefeller Foundation Spent $9,313,964 In 1941

During 1941 the appropriations of the Rockefeller Foundation amounted to $9,313,964, according to the annual review issued March 23 by Raymond B. Fosdick, President. The income of the Foundation from investments during the year was $8,734,992, Mr. Fosdick reported, adding that this was supplemented by a transfer of $600,000 from the principal fund.

The appropriations were distributed for the most part in six major fields, roughly as follows: Public health, $2,450,000; medical sciences, $2,120,000; natural sciences, $1,271,000; social sciences,

$1,227,000, humanities, $1,020,000 and the program in China, $154,000. Of the money spent during the year, 74% was for work in the United States and 26% for work in other countries. Mr. Fosdick also stated in part:

> The war, of course, has radically affected the activities of the Foundation abroad. In June, 1940, the Foundation's Paris office was closed, and the Lisbon office was closed in July, 1941. There are now no Foundation representatives on the Continent of Europe, but an office is being maintained in London.
>
> Late in 1940 the Far Eastern office of the Foundation was moved from Shanghai to Manila. At the time of the capture of Manila the head of the office, Dr. M. C. Balfour, was in Kunming. Unfortunately, his associate, Dr. Charles N. Leach, and some of the personnel of the Peiping Union Medical College, who were on their way to the United States, were in Manila when the city fell. The Peiping Union Medical College was closed by the Japanese authorities early in 1942, and the leading members of the staff were interned.

Set Sugar Registration

Retail sales of sugar will be prohibited after midnight April 27 for about one week and home consumers will register and receive their ration cards May 4 through May 7, the Office of Price Administration announces. The "freezing" of sugar stocks as of April 28, preparatory to sales under rationing, was announced by John E. Hamm, Acting Price Administrator, while the dates for the national registration were set by Frank Bane, OPA field director. Wholesalers, retailers and industrial users of sugar will register on April 28 and 29. The nation-wide registration will be held in the public schools with the teachers supervising what is described as the largest task of its kind ever undertaken. It has not yet been decided how much sugar will be rationed to each consumer but it is likely to be either one-half or three-quarters of a pound a week.

The details of the registration were announced at a meeting in Chicago on March 21 of State and regional rationing representatives.

RFC Loans To Coal Men

Secretary of Commerce Jesse H. Jones announced on March 24 that the Reconstruction Finance Corporation would make loans, either exclsively or in participation with banks and other lending institutions, to assist retail coal dealers to build up their coal stocks immediately. The purpose it is said, is to avoid a possible shortage next Fall and Winter as a result of transportation difficulties.

The RFC will charge 4% for its loans or its participation in loans. Banks and other lending institutions are not to charge more than 6% on the amount of the loan carried by them.

Jamaica Sugar Looks Good

The sugar industry more than any other in Jamaica continues improvement under war conditions, according to the Department of Commerce at Washington made public March 26. The advices state:

> Total production of the 1940-41 crop was 175,390 short tons compared with a 1939-40 production of 111,240 short tons. Estimated production for the current season is placed at 187,200 tons, which the Imperial Government will purchase at a price of approximately £13.155 per long ton. A warning has been given, however, that Jamaica may not be permitted to produce unlimited quantities under post-war conditions.

Further Advance In Labor Bureau's Wholesale Price Index in Mar. 21 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on March 26 that prices for commodities in primary markets edged fractionally higher during the week ended March 21, largely because of advances in quotations for grains and livestock. The Bureau's comprehensive index of nearly 900 price series rose 0.1% to the highest point since the Autumn of 1928. At 97.2% of the 1926 level the index shows a gain of 0.7% over the corresponding week of February and is 19% above a year ago.

The Bureau's announcement further said:

> The index for the farm products group advanced 0.8%; miscellaneous commodities, 0.3%; and hides and leather products and building materials, 0.2%. With lower quotations for fruits and vegetables and for pork, food prices declined 0.3% on the average during the week.
>
> Marked increases in prices for livestock, except hogs, together with higher quotations for most grains and for cotton and tobacco brought average prices for farm products in primary markets to the highest level since October, 1929. Quotations were lower for barley, rye, and hogs. In the past month, farm product prices have risen 1.2% and are nearly 43% higher than at this time last year.
>
> A sharp decline for bananas together with lower prices for oranges, eggs, flour and for potatoes, cheese and pork in the Chicago market accounted for the slight decrease in average prices for foods. Higher prices were reported for butter, corn cereals, rice, apples, lemons, sweet potatoes, onions, canned corn and beans, for cured beef, mutton and for peanut butter. Notwithstanding the decline, food prices in primary markets are 0.7% higher than for the corresponding week of February. Average prices for cattle feed advanced 4.8% during the week.
>
> Minor increases were reported in prices for shoes, luggage and for goatskins. Gasoline quotations in the Mid-continent area continued to drop.
>
> The increase in building materials resulted from higher prices for brick, linseed oil and for maple flooring, red cedar shingles, yellow pine boards and certain types of spruce and white pine lumber. Prices were lower for most types of yellow pine lumber and for turpentine and rosin.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Feb. 21, 1942, and March 22, 1941, and the percentage changes from a week ago, a month ago, and a year ago; (2) percentage changes in subgroup indexes from March 14 to March 21, 1942.

(1926=100)

						Percentage changes to March 21, 1942, from		
Commodity Groups—	3-21 1942	3-14 1942	3-7 1942	2-21 1942	3-22 1941	3-14 1942	2-21 1942	3-22 1941
All Commodities	97.2	97.1	96.9	96.5	81.6	+0.1	+0.7	+19.1
Farm products	103.1	102.3	101.5	101.9	72.3	+0.8	+1.2	+42.6
Foods	95.5	95.8	95.8	94.8	75.6	—0.3	+0.7	+26.3
Hides and leather products	116.6	116.4	116.4	116.1	103.3	+0.2	+0.4	+12.9
Textile products	95.9	95.9	95.1	93.7	78.2	0	+2.3	+22.6
Fuel and lighting materials	78.2	78.2	78.5	78.5	72.5	0	—0.4	+7.9
Metals and metal products	103.7	103.7	103.7	103.6	97.8	0	+0.1	+6.0
Building materials	110.4	110.2	109.9	109.7	99.5	+0.2	+0.6	+11.0
Chemicals and allied products	97.1	97.1	97.1	96.9	80.0	0	+0.2	+21.4
Housefurnishing goods	104.1	104.1	104.1	104.1	90.9	0	0	+14.5
Miscellaneous commodities	89.7	89.4	89.2	89.1	77.5	+0.3	+0.7	+15.7
Raw materials	97.6	97.4	97.1	97.2	75.6	+0.2	+0.4	+29.1
Semimanufactured articles	92.2	92.1	92.0	91.9	83.6	+0.1	+0.3	+10.3
Manufactured products	97.9	97.9	97.7	97.1	84.5	0	+0.8	+15.9
All commodities other than farm products	95.9	95.9	95.9	95.3	83.7	0	+0.6	+14.6
All commodities other than farm products and foods	95.3	95.2	95.1	94.8	85.1	+0.1	+0.5	+12.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MAR. 14, 1942, TO MAR. 21, 1942

Increases

Cattle feed	4.8	Other building materials	0.2
Livestock and poultry	1.2	Shoes	0.1
Grains	1.0	Leather	0.1
Hides and skins	0.6	Other leather products	0.1
Other farm products	0.3	Hosiery and underwear	0.1
Cotton goods	0.2	Brick and tile	0.1
Lumber	0.2	Paint and paint materials	0.1
Mixed fertilizers	0.1		

Decreases

Fruits and vegetables	1.9	Other foods	0.6
Petroleum products	0.7	Dairy products	0.2
Bituminous coal	0.1		

February Fabricated Structural Steel Bookings Largest Since June—Shipments Again Decline

Both bookings of new orders and the shipment of completed orders for fabricated structural steel during January and February of the current year, mostly for the war effort, were smaller than the bookings and shipments during the same two months of 1941, according to reports received by the American Institute of Steel Construction. The bookings for February, however, were the largest for any month since last June and were larger than the monthly average during 1941.

The new business booked during the first two months of 1942 amounted to 400,205 tons in comparison with 454,794 tons booked the same two months of 1941. The shipments of fabricated structural steel during the first two months of 1942 totaled 312,612 tons in comparison with shipments amounting to 325,944 tons during the same two months of 1941.

Tonnage available for future fabrication amounted to 706,668 tons at Feb. 28, 1942.

Following is the complete tabulation of bookings and shipments, showing estimated total tonnage for the entire industry, as reported to the Institute:

	—Contracts Closed—		—Shipments—	
	1942	1941	1942	1941
January	180,302	281,235	158,880	164,590
February	220,205	173,559	153,732	161,354
March	------	206,072	------	170,161
April	------	218,018	------	189,751
May	------	179,884	------	191,905
June	------	246,910	------	200,509
July	------	214,756	------	203,026
August	------	158,658	------	189,251
September	------	158,782	------	204,085
October	------	128,658	------	217,738
November	------	184,043	------	182,593
December	------	146,379	------	176,126
Totals	------	2,296,954	------	2,251,089

Production Of Electric Energy In The United States For Jan. And Feb., 1942—Coal Used

The production of electric energy for public use during the month of February, 1942, totaled 13,810,541,000 kilowatt-hours according to reports filed with the Federal Power Commission. This represents an increase of 14.9% when compared with February, 1941.

The average daily production of electric energy for public use for February was 529,140,000 kilowatt-hours. This is a decrease of 0.7% when compared with the average daily production during the month of January, 1942.

The table below compares production by hydroelectric plants during February, 1942, with production for February, 1941.

HYDROELECTRIC PRODUCTION—FEBRUARY, 1942, COMPARED WITH FEBRUARY, 1941

Region—	% Change Feb., 1942, Over Feb., 1941	Region—	% Change Feb., 1942, Over Feb., 1941
New England	—34.3	East South Central	+ 7.2
Middle Atlantic	+ 8.0	West South Central	+ 8.7
East North Central	+ 9.1	Mountain	+17.3
West North Central	+ 6.8	Pacific	+24.3
South Atlantic	+27.8	United States total	+12.9

The production by water power in February amounted to 4,401,388,000 kilowatt-hours, or 31.9% of the total output for public use.

Total production for public use for the twelve-month period ending Feb. 28, 1942, was 168,756,779,000 kilowatt-hours as compared with a production of 144,710,887,000 kilowatt-hours for the twelve-month period ending Feb. 28, 1941, representing an increase of 16.6% over the previous period.

Reports were received during March, 1942, indicating that the capacity of generating plants in service in the United States on Feb. 28, 1942, totaled 44,412,166 kilowatts. This is a net increase of 174,570 kilowatts over that previously reported in service on Jan. 31, 1942. Occasionally changes are made in plants which are not reported promptly so that the figures shown for any one month do not necessarily mean that all the changes were made during that month but that they were reported to the Commission since the previous monthly report was issued.

PRODUCTION OF ELECTRIC ENERGY FOR PUBLIC USE IN THE UNITED STATES
[In Thousands of Kilowatt-Hours]

	By Water Power 1942		By Fuels 1942		Total 1842	
Division—	January	February	January	February	January	February
New England	244,611	176,388	703,684	662,979	948,295	839,367
Middle Atlantic	711,972	661,297	3,003,771	2,685,015	3,715,743	3,346,312
East North Central	245,008	232,335	3,395,431	2,969,009	3,640,439	3,201,344
West North Central	171,971	201,853	675,976	601,291	847,947	803,144
South Atlantic	404,528	504,611	1,594,584	1,251,590	1,999,112	1,756,201
East South Central	535,333	567,684	395,025	350,089	930,358	917,773
West South Central	64,765	60,649	706,669	639,706	771,434	700,355
Mountain	626,486	576,144	149,907	121,690	776,393	697,834
Pacific	1,571,272	1,420,427	146,662	127,784	1,717,934	1,548,211
United States total	4,575,946	4,401,388	10,771,709	9,409,153	15,347,655	13,810,541

Production of electric energy by electric railways, electrified steam railroads, and publicly owned non-central stations, not included above was as follows:

[In Thousands of Kilowatt-Hours]

	By Water Power 1942		By Fuels 1942		Total 1942	
	January	February	January	February	January	February
United States total	19,330	19,549	278,752	254,035	298,082	273,584

AVERAGE DAILY PRODUCTION OF ELECTRIC ENERGY *
[In Thousands of Kilowatt-Hours]

	Water-Power		Fuel		Total		Percent Change
Month	1942	1941	1942	1941	1942	1941	1942/1941
January	158,887	158,661	374,018	304,274	532,905	462,935	+15.1
February	168,636	150,455	360,504	313,581	529,140	464,036	+14.0
March	------	153,435	------	304,422	------	457,857	---
April	------	171,042	------	279,802	------	450,844	---
May	------	147,914	------	319,814	------	467,728	---
June	------	145,123	------	338,158	------	483,281	---
July	------	151,609	------	334,190	------	485,799	---
August	------	136,754	------	363,708	------	500,462	---
September	------	143,031	------	365,046	------	508,077	---
October	------	143,653	------	371,623	------	515,276	---
November	------	148,923	------	372,446	------	521,369	---
December	------	155,194	------	378,061	------	533,255	---

*Computed by dividing the monthly production by the number of equivalent week days in the month in question.

Consumption of Fuel for Production of Electric Energy

Coal consumption by electric power plants was 5,372,284 tons in February, 1942, which is a decrease of 769,844 tons from the January consumption, and an increase of 757,583 tons or 16.4% over the consumption for February, 1941. Of this total 5,160,300 tons were bituminous coal and 211,984 tons were anthracite. This is a decrease of 12.7% in the consumption of bituminous coal and a decrease of 7.4% in the consumption of anthracite when compared with the preceding month which had three more days.

The consumption of fuel oil during February, 1942, totaled 1,528,784 barrels as compared with 1,867,101 barrels during January, 1942, or a decrease of 18.1%. During the same interval the consumption of gas decreased to 14,718,437 MCF in February from 15,915,221 MCF in January, representing a decrease of 7.5%.

Publication of data on coal stocks and days' supply of coal, previously included in these reports, has been restricted.

CONSUMPTION OF FUEL BY ELECTRIC PUBLIC UTILITY POWER PLANTS IN PRODUCTION OF ELECTRIC ENERGY

	Coal—Short tons 1942		Oil—Barrels 1942		Natural Gas Thousands of cu. ft. 1942	
Division—	January	February	January	February	January	February
New England	323,685	302,784	462,236	475,211	------	------
Middle Atlantic	1,739,069	1,594,906	266,114	115,513	3,594	2,575
East North Central	2,187,491	1,920,785	46,426	42,854	461,549	374,570
West North Central	404,746	347,339	160,167	118,627	3,359,064	3,323,335
South Atlantic	844,100	641,751	466,635	400,140	184,463	168,818
East South Central	310,219	269,967	26,775	6,945	853,319	738,241
West South Central	39,319	34,043	79,344	63,141	9,524,376	8,863,763
Mountain	89,309	74,273	39,094	27,835	748,636	630,351
Subtotal United States	5,938,314	5,185,946	1,863,127	1,525,070	15,826,829	14,616,111
Electric railways, railroads, and publicly-owned non-central stations	203,814	186,338	3,974	3,714	88,392	102,326
Total United States	6,142,128	5,372,284	1,867,101	1,528,784	15,915,221	14,718,437

February Building Permit Valuations Are 36% Above Same Period Of 1941

An increase of 36% in the total dollar volume of building construction over the corresponding month of 1941 featured February, 1942, building construction reports, Secretary of Labor Frances Perkins reported on March 28. "This increase was brought about by a gain of 28% in indicated expenditures for new residential buildings and of 61% in the permit valuations of new non-residential buildings," she said. "There was a decline of 7% in expenditures for additions, alterations, and repairs to existing structures. Increased Federal expenditures for housing projects and for additional plant facilities were largely responsible for the gains. However, the number of dwelling units provided in privately financed housing during the current month was greater than in either the preceding month or February, 1941." Secretary Perkins further stated:

> Between January and February, 1942, even larger gains were registered. Total construction showed an increase of 52%, while indicated expenditures for new residential buildings and new non-residential buildings increased 69% and 59%, respectively. The value of additions, alterations, and repairs declined by 15%.
>
> During the first two months of 1942, permits were issued in reporting cities for buildings valued at $403,511,000, an increase of 7%, as compared with the corresponding period of 1941. Permit valuations for new residential buildings during the first two months of the current year amounted to $179,039,000, a loss of 1%, as compared with the first two months of the preceding year. Over this same period new non-residential buildings showed a gain of 18%, and additions, alterations, and repairs a decline of one-half of 1%.

The Labor Department's announcement further said:

> The Bureau's tabulations of permit valuations include contracts awarded by Federal and State Governments in addition to private and municipal construction. For February, 1942, Federal and State construction in the 2,480 reporting cities totaled $142,979,000; for January, 1942, $69,265,000, and for February, 1941, $59,723,000.

Changes in permit valuations in the 2,480 reporting cities between February, 1942, January, 1942, and February, 1941, are summarized below:

Class of construction	Change from Feb., 1941, to Feb., 1942 All cities	Change from Feb., 1941, to Feb., 1942 Excluding N. Y. City
New residential	+27.9%	+34.7%
New non-residential	+60.8%	+58.3%
Additions, alterations, and repairs	— 6.6%	— 0.3%
All construction	+36.4%	+40.4%

Class of construction	Change from Jan., 1942 to Feb., 1942 All cities	Change from Jan., 1942 to Feb., 1942 Excluding N. Y. City
New residential	+68.7%	+62.8%
New non-residential	+58.9%	+55.6%
Additions, alterations, and repairs	—15.4%	—19.1%
All construction	+51.6%	+47.6%

Comparisons in permit valuations in cities reporting for the first two months of 1941 and 1942 are shown in the following table:

Class of construction	Change from first 2 months of 1941 to first 2 months of 1942 All cities	Change from first 2 months of 1941 to first 2 months of 1942 Excluding N. Y. City
New residential	— 1.3%	+ 8.2%
New non-residential	+18.4%	+18.6%
Additions, alterations, and repairs	— 0.5%	+ 8.5%
All construction	+ 6.6%	+12.6%

New housekeeping dwellings for which permits were issued in the 2,480 reporting cities in February, 1942, will provide 34,450 dwelling units, or 84% more than the 18,734 dwelling units reported in the previous month and 36% more than the number provided in February, 1941. Dwelling units in publicly financed housing projects included in these totals numbered 14,383 in February, 1942, 3,945 in January, 1942, and 6,035 in February, 1941.

Principal centers of various types of building construction for which permits were issued or contractors were awarded in February, 1942, except those awarded by the War and Navy Departments, the U. S. Maritime Commission, and the Defense Plant Corporation which have been excluded because of their confidential nature, were: New York City—Borough of Brooklyn, multi-family dwellings to cost $2,122,000, Borough of Manhattan, multi-family dwellings to cost $1,789,000, Borough of Queens, factories to cost $772,000, and the Borough of Richmond, multi-family dwellings to cost $1,000,000; Schenectady, N. Y., factories to cost $656,000; Chicago, Ill., one-family dwellings to cost $1,074,000; Springfield, Ill., a hospital to cost $1,289,000; Dearborn, Mich., factories to cost $2,435,000; Detroit, Mich., one-family dwellings to cost $3,306,000; Cleveland, Ohio, one-family dwellings to cost $830,000; Green Bay, Wis., an electric plant to cost $2,210,000; Washington, D. C., multi-family dwellings to cost $670,000, public buildings to cost $1,523,000, and hotels to cost $820,000; Charleston, S. C., a hospital to cost $600,000; Memphis, Tenn., one-family dwellings to cost $721,000; Houston, Texas, one-family dwellings to cost $1,007,000; Los Angeles, Calif., one-family dwellings to cost $2,864,000, and multi-family dwellings to cost $4,940,000; San Diego, Calif., one-family dwellings to cost $628,000, and schools to cost $768,000; San Francisco, Calif., one-family dwellings to cost $1,023,000, and Seattle, Wash., one-family dwellings to cost $659,000.

Contracts were awarded during February for the following publicly financed housing projects containing the indicated number of dwelling units: Bristol, Conn., $530,000 for 200 units; Middletown, Conn., $692,000 for 198 units; Boston, Mass., $1,820,000 for 446 units; Woonsocket, R. I., $1,159,000 for 300 units; Niagara Falls, N. Y., $750,000 for 151 units; Chester, Pa., $1,483,000 for 350 units; Duquesne, Pa., $780,000 for 182 units; Erie, Pa., $783,000 for 224 units; Pittsburgh, Pa., $2,253,000 for 660 units; Hamilton, Ohio, $540,000 for 141 units; Washington, D. C., $4,879,000 for 1,028 units; Lakeland, Fla., $163,000 for 60 units; Sebring, Fla., $557,000 for 193 units; Baltimore County, Md. (Dist. No. 12), $1,469,000 for 304 units; Arlington County, Va., $8,250,000 for 3,550 units; Newport News, Va., $6,532,000 for 2,050 units; Norfolk, Va., $876,000 for 230 units; Mobile, Ala., $5,561,000 for 1,260 units; Louisville, Ky., $1,881,000 for 652 units; North Little Rock, Ark., $265,000 for 92 units; Galveston, Texas, $683,000 for 206 units; Lubbock, Texas, $379,000 for 130 units; Pasadena, Texas, $444,000 for 150 units; Antioch, Calif., $133,000 for 36 units; Bakersfield, Calif., $132,000 for 50 units; Los Angeles, Calif., $2,752,000 for 802 units; Martinez, Calif., $186,000 for 52 units; Pittsburg, Calif., $283,000 for 86 units, and Seattle, Wash., $1,935,000 for 600 units.

SUMMARY OF BILDING CONSTRUCTION FOR WHICH PERMITS WERE ISSUED IN 2,480 CITIES, BY GEOGRAPHIC DIVISION, FEBRUARY, 1942

Geographic Division	No. of Cities Reporting	New Residential Buildings: Permit Valuation Feb., 1942	% Change from Jan., 1942	% Change from Feb., 1941	No. of New Dwelling units Feb., 1942	% Change from Jan., 1942	% Change from Feb., 1941
All divisions	2,480	$117,865,203	+ 68.7	+ 27.9	34,450	+ 83.9	+ 36.0
New England	144	6,237,535	+ 77.8	— 10.8	1,601	+103.2	— 7.8
Middle Atlantic	597	16,473,728	+108.0	— 1.6	4,546	+148.3	+ 10.6
East North Central	549	17,377,322	+ 4.8	— .4	3,721	+ 5.0	+ 5.4
West North Central	270	3,318,755	+ 40.6	— 39.4	1,043	+ 49.9	— 27.5
South Atlantic	291	31,283,078	+114.9	+ 77.8	9,983	+185.5	+ 79.1
East South Central	94	9,725,550	+289.9	+498.0	2,897	+180.2	+268.1
West South Central	147	7,446,690	+ 21.8	+ 56.4	2,696	+ 16.6	+ 56.7
Mountain	137	1,454,631	— 2.9	— 41.4	481	— 10.1	— 38.5
Pacific	251	24,547,914	+ 65.7	+ 29.0	7,482	+ 66.4	+ 32.4

Geographic Division	New Non-Residential Bldgs. Permit Valuation Feb., 1942	% Change from Jan., 1942	% Change from Feb., 1941	Total Building Construction (Includ. Alterations & Repairs) Permit Valuation Feb., 1942	% Change from Jan., 1942	% Change from Feb., 1941	Population (Census of 1940)
	$			$			
All divisions	118,426,731	+ 58.9	+ 60.8	258,191,906	+ 51.6	+ 36.4	64,887,365
New England	9,730,226	+ 15.5	+ 83.4	18,292,598	+ 28.7	+ 29.0	5,621,354
Middle Atlantic	12,988,808	+ 39.1	— 24.4	34,764,692	+ 52.6	— 15.1	19,452,692
East North Central	19,758,591	— 24.7	+120.2	41,650,757	— 16.9	+ 34.0	15,510,816
West North Central	658,260	— 64.5	— 57.5	5,175,066	*	— 37.5	4,919,701
South Atlantic	23,692,029	+ 35.8	+384.1	57,517,495	+ 62.7	+131.6	5,895,191
East South Central	4,041,395	+187.4	+177.6	14,589,989	+214.7	+286.5	2,261,521
West South Central	5,925,489	+ 88.6	+114.6	14,418,032	+ 38.3	+ 64.7	3,696,405
Mountain	233,686	— 79.0	— 98.9	2,166,423	— 30.1	— 91.4	1,476,558
Pacific	41,398,247	+645.5	+338.5	69,616,854	+184.5	+116.2	6,053,127

*Decrease less than 1/10 of 1%.

February Department Store Sales 22% Above Year Ago, Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System announced on March 24 that the dollar volume of February department store sales for the country as a whole was 22% larger than in the corresponding period a year ago. This compares with an increase of 38% for January and a gain of 30% for the first two months of 1942 over the same period of 1941. These figures are based on reports received from each of the 12 Federal Reserve Districts. The following tables, issued by the Board, show the percentage changes from a year ago for the whole country, for Federal Reserve Districts and for leading cities:

DEPARTMENT STORE SALES IN FEBRUARY, 1942

Report by Federal Reserve Districts

Federal Reserve District—	% Change from corresponding period a year ago Feb., 1942	Jan., 1942	2 Mos., 1942
No. 1 (Boston)	+18	+42	+30
No. 2 (New York)	+20	+35	+28
No. 3 (Philadelphia)	+29	+45	+37
No. 4 (Cleveland)	+22	+49	+35
No. 5 (Richmond)	+32	r +47	+40
No. 6 (Atlanta)	+13	r +26	+20
No. 7 (Chicago)	+21	+38	+30
No. 8 (St. Louis)	+23	+39	+31
No. 9 (Minneapolis)	+21	+31	+26
No. 10 (Kansas City)	+15	+37	+26
No. 11 (Dallas)	+10	r +23	+19
No. 12 (San Francisco)	+29	+32	+30
U. S. total	+22	+38	+30

r Revised.

Department store sales index for February, 1942 (1923-25 average = 100), adjusted 126, unadjusted 100. January adjusted 138, unadjusted 108.

REPORT BY CITIES

Percentage Change from Corresponding Period a Year Ago

	Feb. 1942	Jan. 1942	2 Mos. 1942
Boston District			
New Haven, Conn.	+21	+34	+27
Portland, Maine	+29	+56	+43
Boston, Mass.	+15	+39	+28
Springfield, Mass.	+ 7	+49	+28
Providence, R. I.	+23	+43	+33
New York District			
Bridgeport, Conn.	+32	+42	+38
Newark, N. J.	+21	+37	+29
Albany, N. Y.	+18	+41	+29
Binghamton, N.Y.	+28	+52	+40
Buffalo, N. Y.	+30	+51	+41
Elmira, N. Y.	+36	+56	+45
Niagara Falls, N. Y.	+42	+59	+52
New York City	+18	+31	+25
Poughkeepsie, N. Y.	+ 9	+47	+27
Rochester, N. Y.	+19	+40	+30
Syracuse, N. Y.	+21	+46	+33
Philadelphia District			
Trenton, N. J.	+25	+48	+36
Lancaster, Pa.	+38	+52	+45
Philadelphia, Pa.	+30	+43	+37
Reading, Pa.	+31	r +61	+45
Wilkes-Barre, Pa.	+28	+42	+35
York, Pa.	+28	+62	+44
Cleveland District			
Akron, Ohio	+31	+60	+45
Cincinnati, Ohio	+12	+42	+28
Cleveland, Ohio	+30	+49	+40
Columbus, Ohio	+18	+44	+31
Toledo, Ohio	+22	+46	+34
Youngstown, Ohio	+15	+44	+29
Erie, Pa.	+31	+56	+43
Pittsburgh, Pa.	+17	+50	+32
Wheeling, W. Va.	+14	+54	+33
Richmond District			
Washington, D. C.	+34	r +55	+44
Baltimore, Md.	+37	+44	+41
Winston-Salem, N. C.	+ 5	+30	+16
Charleston, S. C.	+37	r +103	+65
Lynchburg, Va.	+22	+39	+30
Norfolk, Va.	+43	+56	+49
Richmond, Va.	+26	+37	+32
Charleston, W. Va.	+24	+39	+32
Huntington, W. Va.	+16	+42	+29
Atlanta District			
Birmingham, Ala.	+41	+57	+50
Montgomery, Ala.	*	r +35	*
Miami, Fla.	+10	+23	+17
Jacksonville, Fla.	*	— 8	*
Tampa, Fla.	+23	r +24	+24
Atlanta, Ga.	0	r +24	+11
Macon, Ga.	*	+38	*
Baton Rouge, La.	*	+20	*
New Orleans, La.	+17	r +31	+24
Jackson, Miss.	+23	+52	+37
Chattanooga, Tenn.	+24	+47	+36
Knoxville, Tenn.	*	+47	*
Nashville, Tenn.	+10	+28	+18
Chicago District			
Chicago, Ill.	+14	r +32	+25
Peoria, Ill.	+19	+33	+26
Fort Wayne, Ind.	+37	+60	+48
Indianapolis, Ind.	+27	+40	+34
Des Moines, Iowa	+17	+39	+28
Sioux City, Iowa	+11	+22	+16
Detroit, Mich.	+28	+45	+36
Flint, Mich.	— 9	+14	+ 1
Grand Rapids, Mich.	+12	+48	+26
Lansing, Mich.	+12	+43	+27
Milwaukee, Wis.	+31	+40	+36
St. Louis District			
Fort Smith, Ark.	+38	+57	+47
Little Rock, Ark.	+26	+24	+25
Quincy, Ill.	+19	+47	+32
Evansville, Ind.	+22	+46	+34
Louisville, Ky.	+19	+28	+24
St. Louis, Mo.	+25	+43	+34
Springfield, Mo.	+10	+30	+19
Memphis, Tenn.	+24	+38	+31
Minneapolis District			
(Figures by cities not available for publication)			
Kansas City District			
Denver, Colo.	+11	+33	+22
Hutchinson, Kans.	+11	+40	+25
Topeka, Kans.	— 1	+30	+13
Wichita, Kans.	+39	+50	+45
Kan. City., Kan. & Mo.	+19	+45	+32
Joplin, Mo.	+20	+63	+40
St. Joseph, Mo.	+ 8	+43	+25
Omaha, Nebr.	+23	+39	+32
Oklahoma City, Okla.	+ 3	+19	+11
Tulsa, Okla.	+25	+43	+33
Dallas District			
Shreveport, La.	+18	+44	+31
Dallas, Tex.	+ 6	+19	+12
Fort Worth, Tex.	+19	r +33	+27
Houston, Tex.	+ 7	+34	+21
San Antonio, Tex.	+20	r +37	+28
San Francisco District			
Phoenix, Ariz.	+37	+46	+42
Bakersfield, Calif.	+15	+21	+18
Fresno, Calif.	+17	+27	+22
Long Beach, Calif.	+45	+50	+48
Los Angeles, Calif.	+21	+27	+24
Oakland & Berkeley	+41	+41	+41
Sacramento, Calif.	+34	+32	+33
San Diego, Calif.	+42	+44	+43
San Francisco, Calif.	+20	+16	+18
San Jose, Calif.	+26	+26	+26
Santa Rosa, Calif.	+34	+35	+34
Stockton, Calif.	+32	+27	+29
Vallejo & Napa, Calif.	+65	+71	+68
Boise & Nampa, Idaho	*	+45	*
Portland, Ore.	+38	+38	+38
Salt Lake City, Utah	+32	+43	+37
Bellingham, Wash.	+30	+41	+35
Everett, Wash.	+34	+33	+34
Seattle, Wash.	+49	+59	+54
Spokane, Wash.	+15	+28	+22
Tacoma, Wash.	+33	+35	+34
Walla Walla, Wash.	+31	+34	+32
Yakima, Wash.	+ 8	+21	+14

*Not available. r Revised.

Illinois Employment Up

Employment in Illinois increased less than 0.1 of 1% while total wage payments rose 1.5% between mid-January and mid-February, according to a statement issued March 25 by Francis B. Murphy, Director of the Illinois Department of Labor. This estimate of employment and payroll trends in the State is based on reports from more than 6,000 representative establishments in manufacturing, wholesale and retail trade, service, coal mining, and building construction industries. Reporting establishments employed approximately one-third of the total number of persons employed in these industries. The announcement added:

> The current January-February increase in employment is less than seasonal while the gain in payrolls is approximately seasonal. Seasonal comparisons, however, are of relatively little importance when the entire pattern of industrial production is undergoing such fundamental changes as are occurring in the shift from peace time to war time production. During 1941 production of war materials was in addition to regular production, whereas war production in 1942 is already replacing the production of regular peace time commodities. Although at this time no data are available which completely show the shift that has occurred during the last two months, reports on the percentage of man-hours devoted to Government contracts and subcontracts indicate that a substantial part of current production is for war purposes.
>
> The combined reports for manufacturing industries indicated an increase of 0.4% in employment and a rise of 2.1% in wage payments. These gains were fairly general, as eight of the 12 manufacturing groups reported increases in both employment and payrolls. These groups were the metals and machinery, transportation equipment, wood, leather, chemicals, textiles, clothing and millinery, and the miscellaneous manufacturing groups.
>
> The February, 1942, indexes of employment and payrolls for Illinois manufacturing industries were 137.7 and 192.4, respectively (1935-39 equals 100). The employment index is lower than during the last five months of 1941, but the payroll index is at the highest level ever recorded.
>
> In the non-manufacturing industries, wholesale establishments increased the number of employees and the amount of wages paid out. Retail stores reduced employment but department stores reported higher wage payments. Coal mines, public utilities, and service establishments reported decreased employment and payrolls. Building construction and contracting firms reported contra-seasonal increases in activity. A large part of this increased construction work was accounted for by military construction, although more favorable weather than is usually the case at this season of the year was also responsible.

Bank Of England Div.

Under date of March 18, Associated Press advices from London stated:

> Montagu Norman, Governor of the Bank of England, announced to the general meeting of the bank today a half yearly dividend of 6%, less tax. This is the same as for the last nine years.
>
> The bank's statement issued today reported an increase of more than $16,000,000 in private deposits for the week and Government securities improved almost £9,000,000.

No Cigarette Price Rise

The Office of Price Administration issued on March 23 the details of its study of the cost factors in the cigarette industry which led it to continue in effect, as "fair and equitable" the established ceiling prices set on Dec. 30. The schedule "froze" wholesale prices for cigarettes at the Dec. 26 level of $6.53 per thousand. The OPA investigation concluded that "in spite of recent cost increases, the cigarette industry will continue to make very substantial profits."

The OPA ceiling over manufacturers' prices was set in order to cancel an increase from $6.53 to $7.10 per thousand cigarettes, less customary discounts, announced by the American Tobacco Co. on its Lucky Strike brand. Price Administrator Leon Henderson felt that other manufacturers would follow this action resulting in raising the retail level. He, therefore, set the ceiling and ordered the inquiry into cost factors. The decision not to allow a price rise was reported in these columns of March 12, page 1034.

The following regarding the survey was reported in Washington advices to the "Wall Street Journal" of March 24:

> Some conclusions of the OPA study, which scrutinized cost and profits of the major companies follow:
>
> 1. Average net income (before income taxes) of five leading manufacturers — American Tobacco Co., Liggett & Myers, P. Lorillard, Philip Morris and R. J. Reynolds—rose from 17% of the average book value of their invested capital in the prewar years 1936-39 to over 21% in 1941.
>
> 2. Current cigarette sales are running 20% above the corresponding levels of 1941. Indications are that because of the increase in national income and enlargement of the armed forces, this rate of increase likely will continue, OPA said.
>
> 3. Manufacturers' 1941 profit margin averaged 55 to 60 cents per thousand on standard price cigarettes.
>
> 4. While the current cost of producing and selling standard price cigarettes is from 10 to 16% per thousand above the average cost last year, more than half of those higher costs will be offset by the considerably greater volume of sales.

Discussing the results of its study on costs, the OPA report said that all major companies hold about three year's supply of tobacco, and the average price of the three preceding crops will govern tobacco costs for the next year.

Tobacco costs in the early part of 1941 or prior to the acquisition of the 1941 crop were low in terms of the preceding years, it states. At the present time, the cost of tobacco per thousand standard price cigarettes has risen from 8 to 14 cents above the average cost of each company in 1941.

This cost increase will remain relatively constant between now and August because there will be no significant tobacco purchases during that period other than the comparatively small Maryland crop and such imports from the Far East as the manufacturers may be able to get, OPA commented.

Maintenance of present prices should not depress prices paid to tobacco growers. Acting Price Administrator John E. Hamm said.

On other costs, the OPA investigation disclosed that casing, wrapping, labor and factory overhead had risen since early 1941 in amounts ranging from a net increase of a fraction of a cent to an outside figure of 4 cents per thousand cigarettes.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report states that the total production of soft coal in the week ended March 21 is estimated at 10,880,000 net tons. Compared with the output in the preceding week, this shows a decrease of 170,000 tons, or 1.5%. Production in the corresponding week of 1941 amounted to 11,272,000 tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended March 21 was estimated at 1,107,000 tons, a decrease of 68,000 tons (about 6%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 2,000 tons, or 0.2%. The calendar year 1942 to date shows a decrease of less than 0.1% when compared with the corresponding period of 1941.

The estimated production of byproduct coke for the week ended March 21, 1942, was 3.200 tons more than the output for the preceding week. Coke production from beehive ovens showed an increase of 16,100 tons for the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			January 1 to date		
	‡Mar. 21 1942	Mar. 14 1942	Mar. 22 1941	§Mar. 21 1942	Mar. 22 1941	Mar. 20 1937
*Bituminous coal	000's omitted					
Total, including mine fuel	10,880	11,050	11,272	124,884	119,749	118.139
Daily average	1,813	1,842	1,879	1,837	1,735	1,766
†Crude petroleum—						
Coal equiv. of weekly output	5,913	5,631	5,896	73,883	67,124	59,204

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702.) ‡Subject to revision. §Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
	Mar. 21 1942	Mar. 14 1942	Mar. 22 1941	Mar. 21 1942	Mar. 22 1941	Mar. 23 1929
Penn. anthracite—						
*Total incl. colliery fuel	1,107,000	1,175,000	1,105,000	12,765,000	12,767,000	17,279,000
†Commercial production	1,052,000	1,116,000	1,050,000	12,127,000	12,129,000	16,035,000
Beehive coke—						
United States total	148,800	132,700	138,000	1,690,000	1,446,000	1,438,000
By-product coke—						
United States total	1,168,900	1,165,700	‡	13,416,900	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					¶March avge.
State—	Mar. 14 1942	Mar. 7 1942	Mar. 15 1941	Mar. 16 1940	Mar. 13 1937	1923
Alaska	2	3	3	3	2	**
Alabama	388	378	365	272	313	423
Arkansas and Oklahoma	50	62	69	43	48	77
Colorado	160	154	168	132	157	195
Georgia and North Carolina	1	††	1	1	††	**
Illinois	1,242	1,250	1,269	1,100	1,583	1,684
Indiana	495	520	561	391	516	575
Iowa	63	67	67	56	117	122
Kansas and Missouri	166	175	204	140	180	144
Kentucky—Eastern	775	720	887	672	877	560
Kentucky—Western	267	276	247	163	273	215
Maryland	40	35	39	33	38	52
Michigan	8	7	10	12	29	32
Montana	74	77	58	49	62	68
New Mexico	33	28	28	17	40	53
North and South Dakota	56	58	45	45	45	**34
Ohio	714	646	616	424	663	740
Pennsylvania bituminous	2,600	2,525	2,712	2,014	2,878	3,249
Tennessee	145	144	148	108	136	118
Texas	9	9	8	13	14	19
Utah	95	96	74	60	103	68
Virginia	386	308	358	272	324	230
Washington	34	35	37	30	39	74
*West Virginia—Southern	2,205	1,648	2,155	1,720	2,098	1,172
†West Virginia—Northern	908	775	809	573	768	717
Wyoming	132	158	125	99	131	136
‡Other Western States	2	1	1	††	1	**7
Total bituminous coal	11,050	10,155	11,064	8,442	11,435	10,764
§Pennsylvania anthracite	1,175	1,179	1,096	886	994	2,040
Total, all coal	12,225	11,334	12,160	9,328	12,429	12,804

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Engineering Construction Down 35% In Week

Engineered construction volume for the week, $177,115,000, tops the corresponding 1941 week's total by 40%, but is 35% lower than the near-record volume of a week ago as reported by "Engineering News-Record" on March 26. This is the tenth consecutive weekly construction volume to top the $100,000,000-mark.

Private construction exceeds the 1941 week's total by 6%, and is up 47% compared with the preceding week. Public volume increases 46% over a year ago, but is 40% lower than a week ago.

The current week's construction brings 1942 volume to $1,993,088,000, a gain of 36% over the $1,461,248,000 reported for the 13-week period last year. Private construction for the period, $187,704,000, is 52% below a year ago, but public work, $1,805,384,000, is up 69% as a result of the 119% Federal gain.

Construction volumes for the 1941 week, last week, and the current week are:

	Mar. 27, 1941	Mar. 19, 1942	Mar. 26, 1942
Total construction	$126,284,000	$273,702,000	$177,115,000
Private construction	18,693,000	13,523,000	19,843,000
Public construction	107,591,000	260,179,000	157,272,000
State and municipal	21,370,000	13,350,000	10,620,000
Federal	86,221,000	246,829,000	146,652,000

In the classified construction groups, gains over the preceding week are in sewerage, industrial buildings, and unclassified construction. Increases over the volumes for the 1941 week are in waterworks, sewerage, industrial and public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $2,057,000; sewerage, $3,707,000; bridges, $983,000; industrial buildings, $12,315,000; commercial building and large-scale private housing, $5,708,000; public buildings, $125,133,000; earthwork and drainage, $266,000; streets and roads, $6,832,000; and unclassified construction, $20,114,000.

New capital for construction purposes for the week totals $7,448,000. This compares with $606,685,000 for the corresponding week last year. The current week's new financing is made up of $3,850,000 in corporate security issues, $2,598,000 in State and municipal bond sales, and $1,000,000 in RFC loans for public improvements.

New construction financing for the year to date, $1,419,454,000, is 6% above the $1,332,653,000 reported for the opening quarter in 1941.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
February	640,269	665,689	493,947	101	--
1941—Week Ended—					
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Portland Cement Statistics For February, 1942

The portland cement industry in February, 1942, produced 10,813,000 barrels, shipped 8,285,000 barrels from the mills, and had in stock at the end of the month 25,714,000 barrels, according to the Bureau of Mines, U. S. Department of the Interior. Production and shipments of portland cement in February, 1942, showed increases of 29.6 and 11.1%, respectively, as compared with February, 1941. Portland cement stocks at mills were 1.6% higher than a year ago.

The statistics given below are compiled from reports for February, received by the Bureau of Mines, from all manufacturing plants except two, for which estimates have been included in lieu of actual returns.

PRODUCTION, SHIPMENTS AND STOCKS OF FINISHED PORTLAND CEMENT, BY DISTRICTS, IN FEBRUARY, 1941 AND 1942 (IN THOUSANDS OF BARRELS)

	February					
	Production		Shipments		Stocks at end of month	
District	1941	1942	1941	1942	1941	1942
Eastern Pa., N. J. & Md.	1,612	2,199	1,458	1,571	4,486	5,135
New York & Maine	486	579	471	407	2,053	2,330
Ohio, Western Pa. & W. Va.	717	874	522	524	2,903	3,188
Michigan	357	384	295	266	2,288	2,065
Wis., Ill., Ind. & Ky.	925	1,174	600	499	2,993	2,917
Va., Tenn., Ala., Ga., La., & Fla.	1,421	1,447	1,254	1,245	1,735	1,551
Eastern Mo., Ia., Minn. & S. Dak.	376	485	303	308	3,194	3,025
W. Mo., Nebr., Kans., Okla. & Ark.	358	806	441	750	2,062	1,907
Texas	637	878	628	811	773	809
Colo., Mont., Utah, Wyo. & Idaho	127	113	153	94	584	641
California	1,098	1,552	1,119	1,487	1,612	1,474
Oregon & Washington	201	279	193	280	608	678
Puerto Rico	30	43	19	43	16	4
Total	8,345	10,813	7,456	8,285	25,307	25,714

SUMMARY OF STATISTICS OF THE FINISHED PORTLAND CEMENT INDUSTRY IN THE UNITED STATES AND PUERTO RICO (IN THOUSANDS OF BARRELS) BY MONTHS

	No. of plants		Shipments		Production		Stocks at end of month	
	1941	1942	1941	1942	1941	1942	1941	1942
January	156	156	7,984	9,120	9,021	*12,370	24,416	*23,186
February	156	155	7,456	8,285	8,345	10,813	25,307	25,714
March	156	----	9,915	----	10,596	----	25,988	----
April	156	----	14,132	----	12,196	----	24,056	----
May	156	----	16,048	----	14,732	----	22,745	----
June	156	----	16,109	----	15,223	----	21,865	----
July	157	----	16,687	----	16,000	----	21,178	----
August	157	----	17,825	----	16,345	----	19,732	----
September	157	----	18,284	----	16,115	----	17,561	----
October	157	----	17,833	----	16,688	----	16,417	----
November	157	----	13,724	----	14,931	----	17,638	----
December	157	----	11,511	----	13,810	----	*19,937	----

*Revised.

Revenue Freight Car Loadings During Week Ended March 21, 1942 Totaled 796,640 Cars

Loading of revenue freight for the week ended March 21, totaled 796,640 cars, the Association of American Railroads announced on March 26. The increase above the corresponding week in 1941 was 26,656 cars or 3.5% and above the same week in 1940 was 176,265 cars or 28.4%.

Loading of revenue freight for the week of March 21 decreased 2,716 cars or 0.3% below the preceding week.

Miscellaneous freight loading totaled 375,096 cars, an increase of 1,225 cars above the preceding week, and an increase of 46,188 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 145,078 cars, a decrease of 1,743 cars below the preceding week, and a decrease of 13,583 cars below the corresponding week in 1941.

Coal loading amounted to 152,907 cars, a decrease of 2,705 cars below the preceding week, and a decrease of 14,605 cars below the corresponding week in 1941.

Grain and grain products loading totaled 35,608 cars a decrease of 2,625 cars below the preceding week, and a decrease of 1,305 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of March 21 totaled 21,899 cars, a decrease of 2,312 cars below the preceding week, but an increase of 635 cars above the corresponding week in 1941.

Live stock loading amounted to 10,445 cars, a decrease of 423 cars below the preceding week, and a decrease of 372 cars below the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of March 21 totaled 7,641 cars, a decrease of 498 cars below the preceding week, and a decrease of 279 cars below the corresponding week in 1941.

Forest products loading totaled 47,469 cars, a decrease of 17 cars below the preceding week, but an increase of 8,583 cars above the corresponding week in 1941.

Ore loading amounted to 15,963 cars an increase of 3,253 cars above the preceding week, and an increase of 1,737 cars above the corresponding week in 1941.

Coke loading amounted to 14,074 cars, an increase of 319 cars above the preceding week, and an increase of 13 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern and Pocahontas. All districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	3,465,685
Week of March 7	770,697	742,617	620,596
Week of March 14	799,356	759,607	619,388
Week of March 21	796,640	769,984	620,375
Total	9,347,739	8,593,182	7,541,609

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 21, 1942. During this period 89 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MARCH 21

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1942	1941	1940	1942	1941
Ann Arbor	570	534	612	1,470	1,420
Bangor & Aroostook	2,308	2,017	2,213	273	207
Boston & Maine	7,849	8,271	6,968	16,704	12,796
Chicago, Indianapolis & Louisville	1,630	1,536	1,249	2,327	2,617
Central Indiana	33	18	22	58	54
Central Vermont	1,256	1,359	1,264	2,114	2,143
Delaware & Hudson	6,607	6,339	4,738	13,419	9.573
Delaware, Lackawanna & Western	8,543	9,410	8,548	9,268	8,530
Detroit & Mackinac	274	191	217	170	137
Detroit, Toledo & Ironton	2,200	3,098	2,602	1,584	1,536
Detroit & Toledo Shore Line	334	388	293	3,775	4,447
Erie	14,015	14,226	10,646	16,564	15,051
Grand Trunk Western	4,359	6,232	4,832	8,998	9,967
Lehigh & Hudson River	213	163	170	3,357	2,541
Lehigh & New England	1,379	1,661	1,729	1,911	1,553
Lehigh Valley	8,936	9,603	7,537	10,214	8,273
Maine Central	3,139	3,020	2,650	4,470	3,623
Monongahela	6,493	6,402	4,486	452	307
Montour	2,307	2,143	1,653	27	38
New York Central Lines	45,802	49,809	37,625	55,887	48,095
N. Y., N. H. & Hartford	12,106	11,620	8,906	19,714	15,888
New York, Ontario & Western	1,154	1,106	937	2,618	2,164
New York, Chicago & St. Louis	7,172	6,115	4,937	15,418	13,309
N. Y., Susquehanna & Western	513	441	369	1,334	1,891
Pittsburgh & Lake Erie	8,442	8,235	5,651	7,931	7.935
Pere Marquette	5,149	6,445	5,639	6,768	6,651
Pittsburgh & Shawmut	538	645	521	31	30
Pittsburgh, Shawmut & North	420	399	292	400	267
Pittsburgh & West Virginia	805	1,212	832	2,563	2,039
Rutland	518	626	619	1,046	1,109
Wabash	5,832	6,391	5,094	11,494	11,230
Wheeling & Lake Erie	4,918	4,813	3,174	4,395	4,298
Total	165,814	174,468	137,026	226,754	199,719
Allegheny District—					
Akron, Canton & Youngstown	706	584	444	1,118	1,082
Baltimore & Ohio	41,494	39,175	28,194	27,972	20,924
Bessemer & Lake Erie	3,388	4,013	2,537	1,743	1,921
Buffalo Creek & Gauley	314	266	317	2	6
Cambria & Indiana	1,900	1,865	1,342	13	10
Central R. R. of New Jersey	8,411	7,555	5,591	19,253	14,211
Cornwall	103	556	665	78	41
Cumberland & Pennsylvania	303	329	204	16	42
Ligonier Valley	135	154	110	67	44
Long Island	793	753	452	3,599	3,347
Penn-Reading Seashore Lines	1,857	1,399	1,082	2,749	1,779
Pennsylvania System	81,320	76,307	54,885	59,669	51,663
Reading Co.	16,166	16,821	13,342	29,787	21,823
Union (Pittsburgh)	20,752	20,368	13,075	3,999	4,457
Western Maryland	4,138	4,121	3,340	12,492	8,626
Total	181,780	174,266	125,580	162,557	129,976
Pocahontas District—					
Chesapeake & Ohio	27,017	26,711	22,737	13,436	11,637
Norfolk & Western	22,548	22,900	17,930	7,312	6.151
Virginian	4,456	5,088	4,132	2,214	1,631
Total	54,021	54,699	44.799	22.962	19.419
Southern District—	1942	1941	1940	1942	1941
Alabama, Tennessee & Northern	351	266	240	355	156
Atl. & W. P.—W. R. R. of Ala.	1,056	824	794	2,472	1,785
Atlanta, Birmingham & Coast	797	716	565	1,216	1,191
Atlantic Coast Line	13,945	12,084	9,961	10,026	6,892
Central of Georgia	4,581	4,460	4,325	4,257	3,885
Charleston & Western Carolina	426	438	387	1,927	1,728
Clinchfield	1,638	1,680	1,408	3,025	3,162
Columbus & Greenville	301	266	335	311	336
Durham & Southern	197	175	192	425	904
Florida East Coast	2,818	1,119	930	1,164	969
Gainsville Midland	43	43	28	204	118
Georgia	1,380	1,232	1,134	2,576	2,067
Georgia & Florida	373	367	275	770	719
Gulf, Mobile & Ohio	4,169	3,870	3,473	3,595	3,254
Illinois Central System	27,765	24,268	20,270	15,781	13,487
Louisville & Nashville	23,967	26,087	20,126	9,284	7,504
Macon, Dubin & Savannah	204	157	171	716	800
Mississippi Central	264	210	156	519	470
Nashville, Chattanooga & St. L.	3,728	3,154	2,887	3,863	3,523
Norfolk Southern	1,349	1,182	1,042	1,421	1,174
Piedmont Northern	495	471	421	1,352	1,714
Richmond, Fred. & Potomac	501	376	317	10,846	6,254
Seaboard Air Line	11,358	10,902	9,528	7,605	6.487
Southern System	24,860	24,993	20,486	22,898	18,838
Tennessee Central	663	571	380	868	762
Winston-Salem Southbound	132	174	134	1,038	867
Total	127,361	120,105	99,965	108,514	89,046
Northwestern District—					
Chicago & North Western	16,693	16,340	13,876	13,367	12,022
Chicago Great Western	2,581	2,573	2,216	3,393	3,320
Chicago, Milw., St. P. & Pac.	20,085	21,250	17,994	10,223	9,094
Chicago, St. Paul, Minn. & Omaha	3,393	3,787	3,134	4,238	4,003
Duluth, Missabe & Iron Range	1,213	802	555	426	233
Duluth, South Shore & Atlantic	694	530	471	608	506
Elgin, Joliet & Eastern	9,900	9,814	6,141	10,679	8,896
Ft. Dodge, Des Moines & South	511	451	423	150	159
Great Northern	11,402	10,450	9,361	4,762	3,807
Green Bay & Western	533	496	517	883	677
Lake Superior & Ishpeming	943	194	160	95	76
Minneapolis & St. Louis	1,794	1,765	1,565	2,518	2.310
Minn., St. Paul & S. S. M.	5,188	4,978	4,410	3,965	2,564
Northern Pacific	10,235	9,660	9,293	4,469	4,075
Spokane International	116	104	93	354	244
Spokane, Portland & Seattle	*2,736	2,305	1,778	*2,608	1,780
Total	88,017	85,499	71,987	62,738	53,766
Central Western District—					
Atch., Top. & Santa Fe System	21,857	18,585	19,325	8,773	7,352
Alton	3,415	3,394	2,601	4,701	2,892
Bingham & Garfield	582	522	519	125	118
Chicago, Burlington & Quincy	15,301	17,205	13,860	11,285	9,605
Chicago & Illinois Midland	3,022	2,628	2,207	822	882
Chicago, Rock Island & Pacific	11,137	11,603	10,202	11,704	10,411
Chicago & Eastern Illinois	2,635	3,277	2,424	3,257	3,353
Colorado & Southern	799	772	698	1,838	1,593
Denver & Rio Grande Western	2,864	2,534	2,131	4,389	3,528
Denver & Salt Lake	*505	530	334	*14	17
Fort Worth & Denver City	981	897	885	1,268	1,057
Illinois Terminal	2,175	1,974	1,880	1,652	1,634
Missouri-Illinois	1,331	904	753	455	536
Nevada Northern	1,965	1,784	1,578	168	168
North Western Pacific	1,021	732	687	435	390
Peoria & Pekin Union	13	6	6	0	0
Southern Pacific (Pacific)	27,856	24,885	20,934	9,945	6,535
Toledo, Peoria & Western	186	414	324	834	1,420
Union Pacific System	15,410	14,887	13,175	11,771	9,383
Utah	466	424	256	5	9
Western Pacific	1,729	1,787	1,372	3,005	2,283
Total	115,250	109,744	96,151	76,446	63,166
Southwestern District—					
Burlington-Rock Island	689	134	145	237	322
Gulf Coast Lines	5,141	2,630	2,666	2,753	1,906
International-Great Northern	2,369	1,717	1,700	2,927	2,286
Kansas, Oklahoma & Gulf	329	210	218	1,044	1,044
Kansas City Southern	4,013	2,337	2,055	3,058	2,566
Louisiana & Arkansas	2,862	1,996	1,804	2,355	2,000
Litchfield & Madison	364	390	388	1,046	1,092
Midland Valley	547	628	414	236	227
Missouri & Arkansas	210	166	183	505	429
Missouri-Kansas-Texas Lines	5,252	4,045	3,721	4,215	3,003
Missouri Pacific	15,935	15,427	12,141	15,878	10,227
Quanah Acme & Pacific	165	98	93	183	137
St. Louis-San Francisco	8,330	8,354	6,617	7,678	5,650
St. Louis Southwestern	3,325	2,672	2,331	5,754	2,975
Texas & New Orleans	10,181	6,466	6,398	4,622	3,818
Texas & Pacific	4,531	3,765	3,830	6,861	4,401
Wichita Falls & Southern	137	147	147	29	68
Weatherford M. W. & N. W.	17	21	16	27	55
Total	64,397	51,203	44,867	59,408	42.206

*Previous figures.
Note—Previous year's figures revised.

February Motor Truck Volume 13.5% Over 1941

In line with past trends, the volume of freight transported by motor truck in February declined 3.9% under January, but represented an increase of 13.5% over February, 1941, according to reports compiled and released on March 30 by the American Trucking Associations. The decrease under January was attributed chiefly to the fact that there were fewer working days in February.

Comparable reports were received by ATA from 227 motor carriers in 42 States. The reporting carriers transported an aggregate of 1,440,067 tons in February, as against 1,498,708 tons in January, and 1,269,160 tons in February, 1941.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 143.76. The index in January was 152.56.

Slightly more than 78% of all tonnage transported in the month was reported by carriers of general freight. The volume in this category decreased 2.4% under January, but held 15.3% over February of last year.

Transporters of petroleum products, accounting for a little more than 13% of the total tonnage reported, showed a decrease of 8.4% under January, but an increase of 44.8% over February, 1941.

Movement of new automobiles and trucks continued to drop sharply as a result of the emergency, and constituted only about 1.5% of the total tonnage reported. Tonnage in this class dropped 26.9% under January, and 51.7% under February of last year.

Haulers of iron and steel products reported slightly more than 3% of the total tonnage. The volume of these commodities decreased 3% under January and 28.1% under February, 1941.

A little more than 4% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, bricks, building materials, cement and household goods. Tonnage in this class decreased 6.8% under January, but held 9.9% above February of last year.

Dec. Gas Co. Statistics For Month of Dec., 1941

The American Gas Association in March, 1942, reported that revenues of manufactured and natural gas utilities amounted to $92,313,300 in December, 1941, as compared with $86,741,700 for the corresponding month of 1940, an increase of 6.4%. Revenues from industrial and commercial users rose from $28,002,000 a year ago to $31,832,600 in December, 1941, a gain of 13.7%. Revenues from domestic uses such as cooking, water heating and refrigeration, etc., rose from $58,739,700 in 1940 to $60,480,700 in 1941, an increase of 3%.

The manufactured gas industry reported revenues of $36,024,300 for the month, an increase of 3.2% from the same month of the preceding year. Revenues for industrial purposes increased 19.1% while commercial revenues increased 4.0%. Revenues from domestic uses were 1.6% more than for the corresponding month of 1940, while revenues for house-heating purposes gained 0.7%.

The natural gas utilities reported revenues of $56,289,000 for the month, or 8.6% more than for December, 1940. Revenues from sales of natural gas for industrial purposes gained 17.3%, while revenues from sales for domestic purposes increased 4.3%.

War Production Drive Aim

The following statement, issued on March 19, by Donald M. Nelson, Chairman of the War Production Board, sets forth the objectives and the plan of operation of the War Production Drive.

The War Production Drive is a voluntary effort. Its success is up to the men and women, labor and management in the plants.

The plan provides for joint committees representing labor and management in each plant to stimulate war production.

This drive is designed to increase the production of weapons now and not to further the special interests of any group. It is not a plan to promote company unions. It is not a device to add to or tear down the power or position of any union. It does not interfere with bargaining machinery where it exists. It is not designed to conform to any plan that contemplates a measure of control of management by labor.

It does not put management in labor or labor in management. It is not a management plan, a labor plan, or any other plan. It is the War Production Drive plan. It is a perfectly simple, straightforward effort to increase production.

The plan calls for greater plant efficiency through cooperation. That means if anyone has a suggestion as to how we can do our job faster and smoother, that suggestion must be passed along to where it will do the most good — the most good for our country and for free men and women everywhere.

WPB Limits Use Of Honey

The War Production Board, in a move to conserve supplies of honey for the use of domestic and military consumers, ordered on March 26 the use of honey in manufactured products limited to the 1941 consumption. The WPB said that because of heavy purchases for use in the manufacture of ice cream, candy, soft drinks, bakery goods and medicines, the supply available for household and other established purposes has been running low. The Board also said that some manufacturers who formerly used honey in only small amounts have recently become heavy purchasers because of the sugar control.

Bank Debits Up 13% From Last Year

Beginning with the month of May, only monthly bank debits figures will be published; weekly bank debits statements will be discontinued after issuance of the statement covering the week ending May 6. The monthly figures, which are available from the beginning of 1919, are more significant than the weekly figures for most purposes, since they smooth out wide weekly variations.

Bank debits as reported by banks in leading centers for the week ended March 25 aggregated $10,914,000,000. Total debits during the 13 weeks ended March 25 amounted to $142,020,000,000, or 14% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 6% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 19%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	Week Ended Mar. 25, 1942	Week Ended Mar. 26, 1941	13 Weeks Ended Mar. 25, 1942	13 Weeks Ended Mar. 26, 1941
Boston	666	547	8,335	7.014
New York	4,013	4,022	54,908	51,268
Philadelphia	571	516	7,679	6,549
Cleveland	806	654	10,414	8,788
Richmond	432	357	5,801	4,838
Atlanta	391	314	5,000	4.082
Chicago	1,841	1,587	21,676	18,703
St. Louis	356	283	4,681	3,793
Minneapolis	197	153	2,626	2,068
Kansas City	366	278	4.629	3.723
Dallas	310	235	3,953	3,191
San Francisco	965	749	12,319	10,210
Total, 274 reporting centers	10,914	9,695	142,020	124,226
New York City*	3.650	3.706	49.749	46.821
140 other centers*	6,290	5,214	79.568	67.091
133 other reporting centers	974	775	12,703	10,314

*Included in the national series covering 141 centers, available beginning with 1919.

Fertilizer Ass'n Price Index Higher

The general level of commodity prices was higher last week, according to the weekly wholesale commodity price index compiled by the National Fertilizer Association on March 30. Resuming its upward trend in the week ended March 28, 1942, this index rose to 124.9 from 124.0 in the preceding week. This is the highest level reached by the index since September, 1929. A month ago the index was 123.4 and a year ago 102.9, based on the 1935-1939 average as 100.

The moderate rise in the all-commodity index was due to increased prices for farm products, foods, and textiles. Price advances for eggs, potatoes, and meats were sufficient to offset declines in several other commodities, with the result that the food price index regained a large portion of the loss which occurred in the previous two weeks. The farm product price index continued its upward trend as 11 items included in the group advanced and only four declined. Advancing quotations for raw cotton and cotton goods caused a spurt in the textile index taking it to a new peak level. The fuel index moved into higher ground due to an increase in the price of gasoline. The only other group average to change during the week was the miscellaneous commodity price index, which rose fractionally.

During the week 29 price series included in the index advanced and 10 declined; in the preceding week there were 24 advances and 12 declines; in the second preceding week there were 24 advances and 13 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

*1935—1939=100

% Each Group Bears to the Total Index	Group	Latest Week Mar. 28 1942	Preceding Week Mar. 21 1942	Month Ago Feb. 21 1942	Year Ago Mar. 29 1941
25.3	Foods	121.8	120.9	121.5	97.0
	Fats and Oils	136.2	136.2	135.6	88.3
	Cottonseed Oil	159.0	159.0	159.0	91.2
23.0	Farm Products	136.2	134.4	132.4	96.7
	Cotton	189.8	184.2	183.7	102.0
	Grains	116.0	117.6	121.0	89.8
	Livestock	130.7	128.5	124.6	96.4
17.3	Fuels	114.0	113.3	113.8	102.2
10.8	Miscellaneous commodities	128.1	127.9	127.2	113.8
8.2	Textiles	148.4	147.0	146.7r	118.6
7.1	Metals	104.4	104.4	104.4	103.6
6.1	Building materials	139.8	139.8	135.0	115.2
1.3	Chemicals and drugs	120.3	120.3	120.3	104.0
.3	Fertilizer materials	118.9	118.9	118.3	106.1
.3	Fertilizers	115.3	115.3	115.3	102.0
.3	Farm machinery	104.1	104.1	103.8	99.8
100.0	All groups combined	124.9	124.0	123.4r	102.9

r Revised. *Indexes on 1926-1928 base were: March 28, 1942, 97.3; March 21, 1942, 96.6; March 29, 1941, 80.2.

More Strikes In February Than January

Preliminary estimates of the Bureau of Labor Statistics show 190 new strikes in February, in which about 57,000 workers were involved, as compared with 155 strikes in January, involving 32,500 workers, Secretary of Labor Perkins reported on March 27. Idleness during all strikes in February amounted to an estimated 425,000 man-days, as compared with 390,000 in January—less than 0.08 of 1% of the time worked compared with about 0.06 of 1% in January. These figures represent strikes in all industries, whether or not the plants affected were engaged in war production.

A single, 1-day stoppage in the textile mills of New Bedford, Mass., accounts for one-quarter of all the workers involved in February strikes. In this case the employees refused to work unless paid time and one-half for the holiday. They were instructed by the union to make up the lost time the following Saturday, at straight-time rates of pay.

Estimates for February appear in the table below, along with figures for other periods for comparison.

Item—	*Feb., '42	*Jan., '42	Feb., '41	Averages for 5-year period, 1935-39 February	Averages for 5-year period, 1935-39 January
Number of strikes beginning in month	190	155	256	182	170
Number of workers involved in new strikes	57,000	32,500	71,866	69,611	61,742
Number of man-days idle during all strikes in progress during month	425,000	390,000	1,134,099	828,701	1,012,665

*Preliminary estimates.

FDIC Reports Insured Banks Had Record Loans And Deposits On Dec. 31, 1941

Loans and deposits of the 13,427 insured commercial banks reached the highest figures on Dec. 31, 1941, ever reported to the Federal Deposit Insurance Corporation, Chairman Leo T. Crowley announced on March 31. Loans amounted to $21,262,000,000, an increase of $2,864,000,000, or almost 16.0% over the corresponding figure of Dec. 31, 1940. The growth in loans was chiefly in commercial and industrial loans, and may be attributed in considerable part to the increased demand for credit resulting from war production schedules. Deposits were $69,421,000,000 at the close of 1941.

The comparative statement of assets and liabilities of all insured commercial banks issued by the Corporation also revealed the following significant items:

1. Total deposits were higher by $5,951,000,000, or 9.0% over the figures reported a year ago, reflecting chiefly growth in bank loans and securities offset in part by large withdrawals of currency into circulation. The expansion of deposits over the year period was chiefly in deposits of individuals, partnerships, and corporations, payable on demand, which increased $4,147,000,000, or almost 13.0%. Deposits of the United States Government amounted to $1,763,000,000, an increase of $1,096,000,000, since Dec. 31, 1940.

2. The banks reported cash, reserves, and funds due from banks of $25,793,000,000 on Dec. 31, 1941, a decline of $498,000,000, or almost 2.0% since Dec. 31, 1940. The decline reflected chiefly increased use of currency by the public.

3. Investments by the banks in United States Government obligations and obligations guaranteed by the United States Government increased during the year by $3,983,000,000, or 23.0% and amounted to $21,047,000,000.

4. Investments in obligations of States and political subdivisions amounted to $3,652,000,000 on Dec. 31, 1941, a gain of $43,000,000, or 1.0% during the year period. Investments in other securities, exclusive of foreign securities and stock in Federal Reserve banks, continued to decline and amounted to $3,025,000,000, a reduction of 4.0% during the year period.

5. Holdings of other real estate acquired in settlement of debt and not used as bank premises, were reduced during the year period by 23.0%, or $78,000,000.

6. Total assets amounted to $76,827,000,000 on Dec. 31, 1941, an increase since Dec. 31, 1940, of $6,107,000,000, or almost 9.0%. Of the assets held by insured commercial banks on Dec. 31, 1941, 34.0% were cash, reserves, and funds due from banks, 37.0% were securities, and 28.0% were loans and discounts.

7. Total capital accounts of the insured commercial banks increased by $169,000,000 over the year period, reflecting increases in surplus, undivided profits, and reserves, which more than offset retirements of preferred capital. Total capital accounts amounted to $6,842,000,000 on Dec. 31, 1941, equal to 8.9% of book value of assets, compared with 9.4% on Dec. 31, 1940.

PRELIMINARY STATEMENT OF ASSETS AND LIABILITIES OF INSURED COMMERCIAL BANKS AS OF DEC. 31, 1941; JUNE 30, 1941, AND DEC. 31, 1940

	Dec. 31, '41	June 30, '41	*Dec. 31, '40
Number of banks	13,427	13,423	13,438
ASSETS—	(Amounts in Thousands of Dollars)		
Cash and funds due from banks:			
In vault	1,358,735	1,242,618	1,235,263
In process of collection	3,453,163	2,488,529	2,847,322
With Federal Reserve banks	12,395,664	12,958,527	13,991,733
With other domestic banks	8,573,644	8,298,541	8,204,279
With foreign banks	11,463	10,042	11,750
Total cash and funds due from banks	25,792,669	24,998,257	26,290,347
Loans and securities:			
U. S. Government obligations and obligations guaranteed by the U. S. Government	21,047,112	19,370,714	17,063,870
Obligations of States, political subdivisions, territorial and insular possessions	3,651,627	3,551,281	3,608.270
Foreign securities	165,978	177,472	194.802
Other securities	3,025,218	3,038,851	3,157,791
Stock in Federal Reserve banks	142,094	140,295	138,539
Loans and discounts (including overdrafts)	21,261,521	19,913,169	18,397,472
Total loans and securities	49,293,550	46,191,782	42,560,744
Guarantees and securities of customers and banks on account of acceptances	73,089	79,424	83,640
Bank premises owned and furniture and fixtures	1,060,763	1,067,130	1,071,414
Other real estate, acquired in settlement of debt; not used as bank premises	261,530	306,755	339,563
Investments and other assets indirectly representing bank premises owned or other real estate	108,266	122,184	123.168
Other assets	236,887	218,580	250,649
Total miscellaneous assets	1,740,535	1,794,073	1,868,434
Total assets	76,826,754	72,984,112	70,719.525
LIABILITIES—			
Depoits:			
Individuals, partnerships, and corporations, payable on demand	36,547,288	34,330,943	32,400,488
Individuals, partnerships and corporations, deposited for periods of time	15,151,204	15,207.488	15,002,076
†U. S. Government and postal savings	1,821,250	730.726	735.463
States and political subdivisions	4,169,641	4,009,655	3,820,595
Domestic banks, certified and officers' checks, cash letters of credit and travelers' checks outstanding	11,050,717	10,648,274	10,801,555
Foreign banks	680,473	689,562	708,993
Total deposits	69,420,573	65,616,648	63,469,170
Borrowed money	10,107	10,675	11,481
Outstanding acceptances and bills of exchange	87,021	94.387	98.056
Other liabilities	466,656	489,296	467,432
Total miscellaneous liabilities	563,784	594,358	576,969
Total liabilities (excluding capital accounts)	69,984,357	66,211,006	64,046,139
Capital accounts:			
Capital stock, notes, and debentures	2,848,686	2,858,363	2,872,040
Surplus (paid in by stockholders or accumulated from earnings)	2,686.250	2,603.327	2,563.263
Undivided profits	895,882	898,317	838,125
Amounts set aside for contingencies, etc.	411,579	413,099	399,958
Total capital accounts	6,842,397	6,773,106	6,673,386
Total liabilities and capital accounts	76,826,754	72,984,112	70,719.525

*Revised. †Includes U. S. Treasurer's time deposits, open account.

1941 Purchases By RRs Highest Since 1929

Purchases of fuel, materials and supplies made by the Class I railroads of the United States in connection with their operation were greater in 1941 than in any year since 1929, J. J. Pelley, President of the Association of American Railroads announced April 2, such purchases in 1941 totaling $1,161,274,000, an increase of $306,811,000 compared with 1940. In 1929 purchases of fuel, materials and supplies totaled $1,329,535,000. The announcement further goes on to say:

> Class I railroads in 1941 expended $349,765,000 for fuel compared with $273,556,000 in 1940. For bituminous coal only, their purchases totaled $259,328,00, an increase of $53,700,000 compared with the preceding year, while for antharcite, they totaled $4,053,000 an increase of $567,000 compared with 1940. Purchases of fuel oil in 1941 amounted to $77,517,000 compared with $56,895,000 in the preceding year. For gasoline, there was an expenditure of $5,025,000 in the past year, while for all other fuels, including coke, wood, and fuel for illumination, expenditures amounted to $3,842,000.
>
> Purchases of forest products amounted to $103,771,000 in 1941 compared with $82,185,000 in 1940. For cross ties, including switch and bridge ties, the railroads expended $56,058,000 in 1941, an increase of $3,524,000 above such expenditures in 1940. Purchases of lumber, including timber as well as other forest products, amounted to $47,713,000, which was an increase of $18,062,000 above the preceding year.
>
> Class I railroads, in 1941 purchased iron and steel products amounting to $456,147,000 compared with $315,048,000 in 1940 or an increase of $141,099,000. For locomotive and car castings, beams, couplers, frames and car roofs, the railroads spent $67,501,000 in 1941 compared with $40,852,000 in the preceding year. Purchases of steel rail, including new and second-hand except scrap, amounted to $52,234,000 in 1941 compared with $45,065,000 in the preceding year, while for track fastenings, track bolts, spikes, and other such materials used in connection with the laying of rails, the railroads expended $51,740,000, which was an increase of $16,022,000 above the preceding year.
>
> For wheels, axles and tires, the railroads expended $36,913,000 compared with $27,390,000 in the preceding year, and for bar iron and steel, spring steel, tool steel, unfabricated rolled shapes, wire netting and chain, boiler, firebox, tank and sheet iron and steel of all kinds their expenditures amounted to $49,491,000 compared with $25,875,000 in the preceding year. Purchases of interlocking and signal material in 1941 totaled $21,199,000, and for standard and special mechanical appliances for locomotives, $19,160,000.
>
> Miscellaneous purchases made by the Class I railroads totaled $251,591,000 in 1941, compared with $183,674,000 in 1940. Coming under this heading were $37,172,000 for glass, drugs, chemicals, including chemicals for timber treatment, and painters' supplies; $22,101,000 for lubricating oils and grease, illuminating oils, boiler compound and waste; $17,616,000 for stationery and printing; $22,918,000 for commissary supplies for dining cars, camps and restaurants; $20,268,000 for electrical materials: $13,179,000 for ballast; $9,551,000 for passenger car trimmings; and $14,155,000 for locomotive, train and station supplies.

Lumber Movement—Week Ended March 21, 1942

Lumber production during the week ended March 21, 1942, was 1% less than the previous week, shipments were 6% less, new business, 10% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 12% above production; new orders 5% above production. Compared with the corresponding week of 1941, production was 2% less, shipments, 1% less, and new business 8% less. The industry stood at 140% of the average of production in the corresponding week of 1935-39 and 143% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 11 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 3% above the shipments, and new orders 4% above the orders of the 1941 period. For the 11 weeks of 1942, new business was 22% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 46% on March 21, 1942, compared with 37% a year ago. Unfilled orders were 13% greater than a year ago; gross stocks were 9% less.

Softwoods and Hardwoods

Record for the current week ended March 21, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk (Rev.)
Mills	466	466	470
Production	237,122	242,828	239,965
Shipments	265,302	269,199	283,733
Orders	249,892	271,501	276,435

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	384		98	
Production	225,529	—100%	11,593	—100%
Shipments	252,645	112	12,657	109
Orders	236,162	105	13,730	118

New Listed Companies' Officials Visit NYSE

Henry W. Wendt, Chairman of the Board of Buffalo Forge Co., and Edgar F. Wendt, President and Treasurer of the company, together with Lawrence D. Bell and Ray P. Whitman, President and First Vice-President, respectively, of Bell Aircraft Corp., visited the floor of the Exchange on March 30 and witnessed the opening transactions in their companies' securities, which were admitted to the Exchange list that day.

The companies' officers were welcomed to the Exchange and entertained at luncheon by Emil Schram, President. Frank F. Russell, President of National Aviation Corp., and a director of Bell Aircraft was also present, as were Howland S. Davis, Executive Vice-President of the Exchange: Martin J. Quinn, Jr., specialist in Buffalo Forge; William M. Meehan, specialist in Bell Aircraft, and Phillip L. West, Acting Director of the Department of Stock List.

Moody's Daily Commodity Index

Tuesday, March 24	230.1
Wednesday, March 25	230.2
Thursday, March 26	230.8
Friday, March 27	231.4
Saturday, March 28	232.1
Monday, March 30	232.9
Tuesday, March 31	231.6
Two weeks ago, March 17	230.1
Month ago, Feb. 28	228.3
Year ago, Feb. 17	229.0
1941 High—Sept. 9	219.9
Low—Feb. 27	171.6
1942 High—March 30	232.9
Low—Jan. 2	220.0

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Mar. 31	118.05	106.74	116.22	113.70	107.44	92.20	97.16	110.52	113.89
30	118.11	106.74	116.22	113.70	107.62	92.06	97.16	110.52	113.70
28	118.20	106.74	116.22	113.70	107.62	92.06	97.16	110.34	113.70
27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
26	118.20	106.74	116.02	113.50	107.62	91.91	97.16	110.34	113.50
25	118.20	106.56	116.02	113.31	107.44	91.91	97.16	110.34	113.31
24	118.27	106.56	115.82	113.31	107.44	91.91	97.16	110.15	113.12
23	118.25	106.39	115.63	113.12	107.27	91.62	97.00	109.97	112,93
21	117.89	106.21	115.43	113.12	107.09	91.34	97.00	109.27	112.75
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
19	117.75	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
18	117.67	106.21	115.63	113.12	107.09	91.34	96.85	109.60	112.93
17	117.65	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.93
16	117.52	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.93
14	117.43	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.75
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
12	117.32	106.21	115.63	112.93	107.27	91.48	96.85	109.79	112.93
11	117.45	106.21	115.63	113.12	107.27	91.48	96.85	109.97	113.12
10	117.46	106.21	115.43	112.93	107.27	91.48	96.85	109.79	112.93
9	117.45	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.12
7	117.38	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.31
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
5	117.17	106.39	115.82	113.12	107.44	91.62	96.85	109.97	113.31
4	117.07	106.39	115.63	113.12	107.62	91.62	97.00	109.97	113.31
3	116.77	106.39	115.63	113.31	107.44	91.62	97.00	109.97	113.31
2	116.78	106.56	115.82	113.31	107.62	91.62	96.85	110.15	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.27	106.92	116.61	114.08	107.98	92.20	97.47	110.88	113.89
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.4
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Mar. 31, 1941	117.75	105.86	116.41	112.19	106.21	91.19	96.69	109.97	112.00
2 Years ago									
Mar. 30, 1940	116.93	102.96	116.41	112.56	102.13	85.07	90.77	108.16	111.81

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Mar. 31	3.35	2.84	2.97	3.31	4.26	3.93	3.14	2.96
30	3.35	2.84	2.97	3.30	4.27	3.93	3.14	2.97
28	3.35	2.84	2.97	3.30	4.27	3.93	3.15	2.97
27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
26	3.35	2.85	2.98	3.30	4.28	3.93	3.15	2.98
25	3.36	2.85	2.99	3.31	4.28	3.93	3.15	2.99
24	3.36	2.86	2.99	3.31	4.28	3.93	3.16	3.00
23	3.37	2.87	3.00	3.32	4.30	3.94	3.17	3.01
21	3.38	2.88	3.00	3.33	4.32	3.94	3.18	3.02
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
19	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
18	3.38	2.87	3.00	3.33	4.32	3.95	3.19	3.01
17	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.01
16	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.01
14	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.02
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
12	3.38	2.87	3.01	3.32	4.31	3.95	3.18	3.01
11	3.38	2.87	3.00	3.32	4.31	3.95	3.17	3.00
10	3.38	2.88	3.01	3.32	4.31	3.95	3.18	3.01
9	3.37	2.87	3.00	3.31	4.31	3.95	3.18	3.00
7	3.37	2.87	3.00	3.31	4.31	3.95	3.18	2.99
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
5	3.37	2.86	3.00	3.31	4.30	3.95	3.17	2.99
4	3.37	2.87	3.00	3.30	4.30	3.94	3.17	2.99
3	3.37	2.87	2.99	3.31	4.30	3.94	3.17	2.99
2	3.36	2.86	2.99	3.30	4.30	3.95	3.16	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.26	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Mar. 31, 1941	3.40	2.83	3.05	3.38	4.33	3.96	3.17	3.06
2 Years ago								
Mar. 30, 1940	3.57	2.83	3.03	3.62	4.78	4.36	3.27	3.07

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Daily Average Production Of Natural Gasoline And Allied Products Higher In January

The daily average production of natural gasoline, recycle condensate, and liquefied petroleum gas (at natural-gasoline and recycle plants) amended to 10,145.000 gallons in January, 1942, according to reports received by the Bureau of Mines, U. S. Department of the Interior. This marks the first time that all the L. P. G. made at plants has been included. Stocks of light products from natural gas totaled 201,684.000 gallons on Jan. 31, 1942. Although some new stocks of L. P. G. were picked up in January, this figure (201,684.000) will be considered as comparable with that of 179,550,000 gallons for Dec. 31, 1941.

PRODUCTION AND STOCKS OF NATURAL GASOLINE AND ALLIED PRODUCTS
(Thousands of Gallons)

	Production Jan. 1942	Dec. 1941	Jan. 1941	Stocks Jan. 31, 1942 At refineries	At plants and terminals	Dec. 31, 1941 At refineries	At plants and terminals
East Coast	----	----	----	7,266	----	6,426	----
Appalachian	12,237	9,984	9,291	588	7,046	252	4,284
Illinois, Michigan, Ky.	12,303	7,734	4,854	3,948	1,164	3,612	699
Oklahoma	37,940	32,491	31,516	1,722	13,118	1,890	13,350
Kansas	7,650	6.905	6,851	84	1,610	84	1,320
Texas	147.937	112.720	83,773	13,104	65.163	12,726	53.904
Louisiana	27,661	24,942	9,275	378	4,380	84	3,780
Arkansas	2,910	3,086	2,906	462	307	756	213
Rocky Mountain	10,755	8,698	7,876	2,982	1,599	3,528	1,289
California	55,103	48,884	48,786	74,886	1,877	69.636	1,717
Total	314,496	255,444	205,128	105,420	96,264	98,994	80,556
Daily average	10,145	8,240	6,617	----	----	----	----
Total (thous. of bbls..)	7,488	6,082	4,884	2,510	2,292	2,357	1,918
Daily average	241	196	158	----	----	----	----

Stocks Of Coal In Consumers' Hands on March 1

The Bituminous Coal Division, United States Department of the Interior, in a report released on March 28 reported that stocks of bituminous coal held by industrial consumers and retail dealers decreased 3.3% from Feb. 1 to March 1, 1942. Electric power utilities, steel and rolling mills and cement mills showed increases in stocks, while the other classes of consumers showed decreases.

Industrial consumption and retail deliveries decreased 10.2% during February, with each class of consumer sharing in the decrease. At the daily rate of consumption and retail dealer deliveries prevailing in February, stocks were sufficient on March 1 to last 33 days. The report shows:

STOCKS AND CONSUMPTION OF BITUMINOUS COAL IN THE UNITED STATES, INCLUDING RETAIL YARDS
(Determined jointly by W. H. Young, Research Section, Bituminous Coal Division, and Thomas W. Harris, Jr., Chairman, Coal Committee, National Association of Purchasing Agents)

	Feb., 1942 (preliminary)	Jan, 1942 (revised)	% of Change
	—Net Tons—		
Stocks, End of Month, at—			
Electric power utilities*	13,290,000	12,660,000	+ 5.0
Byproduct coke ovens†	7,888,000	8,179,000	— 3.6
Steel and rolling mills‡	995,000	964,000	+ 3.2
Coal-gas retorts‡	335,000	343,000	— 2.3
Cement mills†	650,000	647,000	+ 0.5
Other industrials§	17,650,000	18,370,000	— 3.9
Railroads (Class I)¶	9,662,000	9,788,000	— 1.3
Total industrial stocks	50,470,000	50,951,000	— 0.9
Retail dealer stocks	6,250,000	7,730,000	—19.1
Grand total	56,720,000	58,681,000	— 3.3
Consumption by—			
Electric power utilities*	5,160,000	5,913,000	—12.7
Byproduct coke ovens†	6,685,000	7,404,000	— 9.7
Beehive coke ovens†	957,000	1,016,000	— 5.8
Steel and rolling mills‡	937,000	1,046,000	—10.4
Coal-gas retorts‡	142,000	148,000	— 4.1
Cement mills†	497,000	564,000	—11.9
Other industrials§	11,840,000	12,700,000	— 6.8
Railroads (Class I)¶	8,879,000	9,685,000	— 8.3
Total industrial	35,097,000	38,475,000	— 8.8
Retail dealer deliveries	11,990,000	13,940,000	—13.9
Grand total	47,087,000	52,416,000	—10.2
Additional Known Consumption—			
Coal mine fuel	313.000	347.000	— 9.8
Bunker fuel, foreign trade	**	**	
Days Supply, End of Month, at—	—Days Supply—		
Electric power utilities	72 days	66 days	+ 9.1
Byproduct coke ovens	33 days	34 days	— 2.9
Steel and rolling mills	30 days	29 days	+ 3.4
Coal-gas retorts	66 days	72 days	— 8.3
Cement mills	37 days	36 days	+ 2.8
Other industrials	42 days	45 days	— 6.7
Railroads (Class I)	30 days	31 days	— 3.2
Total industrials	40 days	41 days	— 2.4
Retail dealer	15 days	17 days	—11.8
Grand total	33 days	34 days	— 2.9

*Collected by the Federal Power Commission. †Collected by the U. S. Bureau of Mines. ‡Collected by the Bituminous Coal Division. §Estimates based on reports collected jointly by the National Association of Purchasing Agents and the Bituminous Coal Division from a selected list of 2,000 representative manufacturing plants. The concerns reporting are chiefly large consumers and afford a satisfactory basis for estimate. ¶Collected by the Association of American Railroads. Includes powerhouse, shop and station fuel. **Not available.

Unbilled Loads and Stocks on the Lake Docks

Stocks of anthracite and bituminous coal in cars, unbilled at the mines, or in classification yards decreased 22.7% and 6.0% respectively from Feb. 1 to March 1, 1942. Stocks of both anthracite and bituminous coal on the upper lake docks showed usual seasonal reductions.

UNBILLED LOADS AND STOCKS ON THE LAKE DOCKS (NET TONS)

	Mar. 1, ‡1942	Feb. 1, 1942	Dec. 1, 1941	Mar. 1, 1941	% of Change From previous month	From year ago
*Unbilled loads—						
Bituminous coal	866,650	922,000	596,500	995,050	— 6.0	—12.9
Anthracite	265,550	343,500	451,150	280,350	—22.7	— 5.3
†Stocks on Lake Docks—						
Bituminous coal:						
Lake Superior	3,559,019	4,225,032	5,852,228	2,970,066	—15.8	+ 19.8
Lake Michigan	1,701,704	2,133,793	3,063,393	1,589,904	—20.2	+ 7.0
Total	5,260,723	6,358,825	8,915,621	4,559,970	—17.3	+ 15.4
Anthracite:						
Lake Superior	96,774	105,945	139.092	47,104	— 8.7	+ 105.4
Lake Michigan	107,488	126,286	155,460	98,833	—14.9	+ 8.8
Total	204,262	232,231	294,552	145,937	—12.0	+ 40.0

*Coal in cars unbilled at the mines or in classification yards as reported to the Association of American Railroads. †Covers all commercial American docks on Lake Superior and on the west bank of Lake Michigan as far south as Racine and Kenosha, Wisconsin, but not including Chicago and Waukegan, Illinois. Based on figures courteously supplied by the Maher Coal Bureau for Duluth-Superior and Ashland-Washburn docks and on direct reports from all other commercial operators not reporting to that Bureau. ‡Subject to revision.

Industrial Anthracite

Stocks of industrial anthracite at electric power utilities and Class I railroads declined during February 1942, while stocks at other industrial consumers advanced 3%. Each of the three classes of consumers showed decreases in consumption during February 1942.

ANTHRACITE AT ELECTRIC POWER UTILITIES, RAILROADS, AND OTHER INDUSTRIAL PLANTS (NET TONS)*

	¶February, 1942	January, 1942	November, 1941	February 1941	% of change from previous month	year ago
†Electric power utilities:						
Stocks, end of month	1,148,671	1,202,096	1,338,915	1,234,429	— 4.4	— 6.9
Consumed during month	211,984	228,850	235.741	190,012	— 7.4	+ 11.6
Days supply end of mo.	152 days	163 days	170 days	182 days	— 6.7	—16.5
‡Railroads (Class I):						
Stocks, end of month	169,905	180,690	239.465	131,564	— 6.0	+ 29.1
Consumed during month	94.276	117,242	120.870	112,056	—19.6	—15.9
Days supply end of mo.	51 days	48 days	59 days	33 days	+ 6.3	+ 54.5
Other industrial consumers:						
§(Selected representative plants)						
Stocks, end of month	306.151	297,262	254.635	196,446	+ 3.0	+ 55.8
Consumed during month	129,693	143,323	117,046	101,008	— 9.5	+ 28.4
Days supply end of mo.	66 days	41 days	65 days	55 days	+ 61.0	+ 20.0

*Stocks of domestic anthracite held by 135 selected identical dealers amounted to 353,957 tons on March 1, 1942, and 390,366 tons on Feb. 1, 1942. When calculated at the daily rate of consumption prevailing in the preceding month, the stocks of domestic anthracite were sufficient to last 34 days on March 1 and 42 days on Feb. 1. Stocks of domestic coke held by 145 selected identical dealers amounted to 29,226 tons on March 1 and 45,343 tons on Feb. 1. When calculated at the daily rate of consumption prevailing in the preceding month, the stocks of domestic coke were sufficient to last 27 days on March 1 and 26 days on Feb. 1. Anthracite in producers' storage yards reported by Anthracite Committee, Commonwealth of Pennsylvania, Department of Commerce, amounted to 754,870 tons on March 1 and 915,295 tons on Feb. 1.

†Collected by the Federal Power Commission.

‡Collected by the Association of American Railroads.

§76 firms reported for January and February, 1942; 73 firms for November, 1941, and 83 firms for February, 1941.

¶Subject to revision.

Steel Production Continues At Record High Levels—Distribution Plan Being Revamped

Production of steel in the Pittsburgh district, largest producer of this basic war material, at midweek climbed to 100% for the first time since the United States entered the war, states "The Iron Age" in its issue today (April 2). To some reaching of the 100 mark by the western Pennsylvania steel plants symbolizes what United States industry in general is doing—lifting output to levels which would not seem attainable in peacetime. The "Age" further goes on to say:

> However sourly progress of the war program is surveyed, industry is making notable progress toward arming the United States and its Allies.
>
> Steel ingot production in the Nation as a whole this week established another new record at 98.5%, up a half point from last week, an event which in some ways is comparable to the winning of a battle by the armed forces. Helped by seasonal improvement in iron and steel scrap collections, most of the steel-producing areas report gains. Chicago rose a half point to 104½%, Philadelphia a half point to 90.5%, Cleveland 1½ points to 95%, Detroit 11 points to 105%, St. Louis 8 points to 101%, and the South Ohio River 3 points to 104%. Not in weeks has there been such a long list of steel centers with advancing operating rates. The Pittsburgh rate last week was 99%.
>
> To temper an over-optimistic belief that the arms program is rolling toward an easy attainment of ship, plane and tank production goals are reports like that from the West Coast where one aircraft parts plant says that it is operating at only 15% of capacity, while 19 others are using only 15 to 40% of their facilities because of lack of materials. One large aircraft die-casting company, operating below 25% of capacity, not only is suffering from shortage of materials, but, like some of the others, from lack of orders.
>
> Some of the major aircraft plants on the Coast are not ordering parts in advance because they, too, also lack materials and are thus unable to use their entire facilities in manufacture of planes. The West Coast airplane industry, "The Iron Age" is told, is meeting Government schedules with some regularity but can produce a great deal more.
>
> Evidence of the increasing pressure against alleged priorities violators is found in the WPB's latest crackdown on 22 steel warehouses which, the WPB says, accepted steel shipments in the last quarter of 1941 in excess of their authorized quotas. The penalties imposed run from the amount of steel accepted by the distributors in excess of their quotas to this amount plus an additional penalty of 50% of the excess. Industrial observers at Washington emphasize that the Government is likely to become more severe with priority violators and that every industry must learn how to operate under the priority rules regardless of the inadequacy or unfairness of some priority orders.
>
> Soon the War Production Board is expected to request a complete breakdown of shipments by steel companies against priorities and allocations. When this is done, limits on steel shipments on low-rated orders are likely to be tightened still more. It is expected, for example, that manufacturers of mattresses will not be permitted to use spring wire.
>
> A leading steel company reports that about 5% of its February orders went to non-rated customers and that 2% was unrated in March. Recent shipments of another large steel company showed that 96% had gone to rated customers, the 4% representing rejections.
>
> Several factors recently entering the tin plate situation indicate some relief in filling of the Nation's all-time-high packing requirements of 1942. Last week some confusion surrounding tin plate was removed when tin plate requirements were granted an A-1-c rating. At the same time the way was paved for use of black plate in certain types of cans which will conserve tin and black plate.
>
> Manufacturers of welding rod wire believe that their customers will receive full 1942 requirements of from 350,000 to 400,000 tons against 200,000 tons in 1941. A serious shortage persists in steel castings, particularly for machine tool manufacturers who are important users. An interesting development this week is the announcement that plastic fuses instead of the standard aluminum fuses will be used for trench mortars. By making this change, tons of aluminum will be freed for other military uses and the machine tools used will be freed for other jobs.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

March 31, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.		2.30467c.	
1940	2.30467c.	Jan. 2	2.24107c.	Apr. 16
1939	2.35367c.	Jan. 3	2.26689c.	May 16
1938	2.58414c.	Jan. 4	2.27207c.	Oct. 18
1937	2.58414c.	Mar. 9	2.32263c.	Jan. 4
1936	2.32263c.	Dec. 28	2.05200c.	Mar. 10
1935	2.07642c.	Oct. 1	2.06492c.	Jan. 8
1934	2.15367c.	Apr. 24	1.95757c.	Jan. 2
1933	1.95578c.	Oct. 3	1.75836c.	May 2
1932	1.89196c.	Jul. 5	1.83901c.	Mar. 1
1931	1.99629c.	Jan. 13	1.86586c.	Dec. 29
1930	2.25488c.	Jan. 7	1.97319c.	Dec. 9
1929	2.31773c.	May 28	2.26498c.	Oct. 29

Pig Iron

March 31, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar. 20	$23.45	Jan. 2
1940	$23.45	Dec. 23	$22.61	Jan. 2
1939	22.61	Sep. 19	20.61	Sep. 12
1938	23.25	Jun. 21	19.61	Jul. 6
1937	23.25	Mar. 9	20.25	Feb. 16
1936	19.74	Nov. 24	18.73	Aug. 11
1935	18.84	Nov. 5	17.83	May 14
1934	17.90	May 1	16.90	Jan. 27
1933	16.90	Dec. 5	13.56	Jan. 3
1932	14.81	Jan. 5	13.56	Dec. 6
1931	15.90	Jan. 6	14.79	Dec. 15
1930	18.21	Jan. 7	15.90	Dec. 16
1929	18.71	May 14	18.21	Dec. 17

Steel Scrap

March 31, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.25

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan. 7	$19.17	Apr. 10
1940	21.83	Dec. 30	16.04	Apr. 9
1939	22.50	Oct. 3	14.08	May 16
1938	15.00	Nov. 22	11.00	Jun. 7
1937	21.92	Mar. 30	12.92	Nov. 10
1936	17.75	Dec. 21	12.67	Jun. 9
1935	13.42	Dec. 10	10.33	Apr. 29
1934	13.00	Mar. 13	9.50	Sep. 25
1933	12.25	Aug. 8	6.75	Jan. 3
1932	8.50	Jan. 12	6.43	Jul. 5
1931	11.33	Jan. 6	8.50	Dec. 29
1930	15.00	Feb. 18	11.25	Dec. 9
1929	17.58	Jan. 29	14.08	Dec. 3

The American Iron and Steel Institute on March 30 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.8% of capacity for the week beginning March 30, compared with 99.0% one week ago, 97.2% one month ago and 99.2% one year ago. This represents a decrease of 0.2 point, or 0.2% from the preceding week. The operating rate for the week beginning March 30 is equivalent to 1,678,200 tons of steel ingots and castings, compared to 1,681,600 tons one week ago, 1,651,100 tons one month ago, and 1,601,000 tons one year ago. Weekly indicated rates of steel operations since March 31, 1941, follow:

1941—						1942—	
		Jun 30	91.8%	Oct 6	98.1%		
Mar 31	99.2%	Jly 7	94.9%	Oct 13	98.4%	Jan 5	93.8%
Apr 7	99.3%	Jly 14	95.2%	Oct 20	97.8%	Jan 12	95.1%
Apr 14	98.3%	Jly 21	96.0%	Oct 27	99.9%	Jan 19	95.0%
Apr 21	96.0%	Jly 28	97.6%	Nov 3	98.2%	Jan 26	94.6%
Apr 28	94.3%	Aug 4	96.3%	Nov 10	96.6%	Feb 2	95.0%
May 5	96.8%	Aug 11	95.6%	Nov 17	97.0%	Feb 9	95.5%
May 12	99.2%	Aug 18	96.2%	Nov 24	95.9%	Feb 16	96.2%
May 19	99.9%	Aug 25	96.5%	Dec 1	97.6%	Feb 23	96.3%
May 26	98.6%	Sep 2	96.3%	Dec 8	97.5%	Mar 2	97.2%
Jun 2	99.2%	Sep 8	96.9%	Dec 15	97.9%	Mar 9	97.4%
Jun 9	98.6%	Sep 15	96.1%	Dec 22	93.4%	Mar 16	97.9%
Jun 16	99.0%	Sep 22	96.8%	Dec 29	96.1%	Mar 23	99.0%
Jun 23	99.9%	Sep 29	96.9%			Mar 30	98.8%

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 30 stated:

> Radical changes are under way in the steel distribution system, a specific requirements approach to control replacing general or blanket priority ratings as rapidly as new orders and procedures can be put into effect, giving the War Production Board closer control.
>
> Between April 1 and June 30 most blanket rating orders will be revoked or allowed to expire and consumers will be placed under the Production Requirements Plan. Rapid increase in war requirements renders preference ratings impractical. Under existing orders no exact check on quantities of material has been possible. Under the new plan the Director of Industry Operations will assign ratings for essential use, covering only a specified quantity. Applications will be made covering needs for a quarter, with full information on inventory and end use of products. Interim applications may be made when additional quantities are needed because of increased war production. The change will be made gradually over the three-month period to avoid confusion on deliveries.
>
> Steelworks operations last week reflected better scrap supply and open hearths were relighted after long idleness in several centers. The national production rate advanced 2 points to 97½%, the highest since the first week in January. Buffalo increased 13½ points to 93%, Pittsburgh 2 points to 96, Detroit 10 points to 93, Cincinnati 5 points to 92, eastern Pennsylvania 2 points to 90 and Wheeling 1 point to 82½%. Youngstown lost 1 point to 94%, New England 20 points to 80% and Cleveland 1½ points to 89½%. Chicago held its high rate of 104%, St. Louis was unchanged at 83% and Birmingham steady at 95%.
>
> Decided relief in the scrap situation has resulted from opening of spring weather and increased flow of material from intensive drives on farms, industrial plants and automobile wrecking yards. In a number of consuming centers the increase was marked and it has been possible to relight open hearths that had been idle for many weeks. While some allocated tonnages have been placed to aid distressed consumers, in general all melters are receiving better supply. Apparently the winter shortage has been broken and an easier situation is probable for several months. Scrap from the head of the lakes is expected to move to lower lake ports when navigation is resumed.
>
> War Production Board has taken action to make available scrap material now held back by legal or financial considerations, such as street railway rails, where cost of reclaiming is a deterrent. A conservation board has been set up, with offices in principal cities, which will provide means for financing reclamation. Power of requisition has been granted, in cases where owners do not co-operate fully.
>
> Iron ore carriers entered Lake Superior last week by aid of ice breakers which opened channels through the Straits of Mackinac, the Soo and Whitefish Bay. This is the earliest date in history that movement of ore has started. Limestone cargoes for mills in the Chicago district were loaded last week at Calcite and Port Inland, Mich. The early start promises well for the increased tonnage required for peak steel production.
>
> Plant conversion to war production continues, an increasing number of manufacturers engaging in work more or less remote from their usual line. Some fabricators of aluminum, unable to obtain that metal, are drawing steel cartridge cases, for which their equipment is suited. Some manufacturers normally using forgings and machined parts are turning to stampings, which are more easily obtainable.
>
> Disposal of steel stocks by automobile manufacturers is relieving pressure on mills to some extent, numerous consumers obtaining needed supplies from this source much earlier than from steel mills. Most of this material consists of sheets and bars. It is sold only to consumers with priority ratings, under strict WPB control.
>
> Fabricated structural steel bookings are almost exclusively for war work and in February were the largest since June. For the first two months the total was less than for the same months last year. Fabricators have heavy backlogs for future fabrication. February bookings were 220,205 net tons, shipments 153,732 tons and unfilled tonnage 706,668 tons.
>
> Composite prices of steel and iron products are steady, under ceiling control, finished steel at $56.73, semifinished steel at $36, steelmaking pig iron at $23.05 and steelmaking scrap at $19.17.

Advocates Compulsory Saving Plan To Make $30 Billion Available To Govt.

A plan for compulsory saving whereby approximately $30,000,000,000 would be made immediately available to the Government to help defeat the Axis, was advocated on March 26 by Julian Goldman, Chairman of the National Committee to Keep Prices Down. In an address before the Advertising Club of Indianapolis, Mr. Goldman, who is also President of the Goldman Stores Corp., New York, said compulsory saving would make it "unnecessary for our Government to go around hat in hand, begging, pleading with people to buy a few savings bonds and stamps. He added:

> "No informed person believes that the Government will be able to sell enough of Government securities to make up the difference between what the Government is planning to spend and what it will raise by taxation. Insofar as it fails to do so, inflation is certain, and inflation will not only greatly increase the money cost of the war, but will promote enormous inequities and, still more alarming, it will directly cripple our war effort."

According to Mr. Goldman this year the American people will have about $90,000,000,000 with which to buy things, while there will only be about $60,000,000,000 in commodities available for civilian use. Therefore, he said, about $30,000,000,000 of the public's spending power must be siphoned off, if inflation is to be prevented. One of the best ways to accomplish this is through compulsory saving, he believes.

Mr. Goldman advocated "having part of wages paid in non-interest-bearing scrip, which could be obtained from the Treasury for cash. This scrip would only be good for the purchase of Defense Bonds, Savings Stamps, additional social insurance, new private insurance, new annuities, etc. Those who are self-employed should be required to make corresponding purchases out of their net income. In cases where this proposed compulsory saving would create a below-minimum standard of living for individual cases, such persons he said, could be given relief by their making application to boards of appeals that could be readily set up, the burden of proof being with the person who is making the appeal. Mr. Goldman contended.

> By arriving at the proper percentage of salaries and other incomes that should be paid in scrip, we would be able to withdraw about $30,000,000,000 of the national income from immediate use by civilians. We would thereby be postponing the spending of this $30,000,000,000 until the war is over, at which time this buying power will be very helpful and most necessary to keep the wheels of industry turning during that difficult period of readjustment.

Pan American Day April 14

Mayors throughout the United States are preparing civic programs for the annual observance of Pan American Day on April 14. Celebrated in all the nations of this hemisphere since 1931, the occasion this year gives promise of surpassing previous observances, in the light of the aggression against the Continent and the resultant solidification of purpose, according to an announcement issued by the Pan American Union, Washington. The civic observance plans are in accordance with a resolution adopted by the Mayors at their recent annual meeting in Washington. The announcement pointed out that the 1942 annual Conference of Mayors of the United States, which met in Washington in January, adopted a resolution "in favor of celebrating in all our municipalities Pan American Day, namely April 14, and that the Mayors of our member cities, wherever necessary, take steps to appoint a proper committee that will prepare a proper program for such an event."

FDR, Beaverbrook Confer

Lord Beaverbrook, former British Minister of War Production, returned to the United States by flying boat from England on Mar. 24 and conferred with President Roosevelt at Washington on Mar. 25. His mission in this country is believed to concern expediting lend-lease aid to Great Britain and further pooling of the production resources of the two countries.

Lord Beaverbrook, in a broadcast to Canada on Mar. 29, pointed to the Russian front as the one on which "the hopes of humanity" are centered and urged that all possible supplies be sent to this "most critical battle front in the history of civilization". Mr. Beaverbrook spoke from Miami, Fla., where he is on a brief vacation.

Electric Output For Week Ended March 28, 1942 Shows 12.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 28, 1942, was 3,345,502,000 kwh., which compares with 2,975,407,000 kwh. in the corresponding period in 1941, a gain of 12.4%. The output for the week ended March 14, 1942, was estimated to be 3,357,032,000 kwh., an increase of 12.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Mar. 28, '42	Mar. 21, '42	Mar. 14, '42	Mar. 7, '42
New England	9.8	10.4	10.7	13.5
Middle Atlantic	8.4	9.2	8.3	8.9
Central Industrial	10.1	11.0	9.9	11.0
West Central	12.4	12.7	11.6	12.1
Southern States	11.7	10.9	12.6	12.8
Rocky Mountain	13.6	13.4	13.2	15.2
Pacific Coast	28.8	27.2	29.1	25.2
Total United States	12.4	12.5	12.5	12.9

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jan. 3	3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,733,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203
Feb. 7	3,474,638	2,989,392	+16.2	2,616,111	1,578,817	1,726,161
Feb. 14	3,421,639	2,976,478	+15.0	2,564,670	1,545,459	1,718,304
Feb. 21	3,423,589	2,985,585	+14.7	2,546,816	1,512,158	1,699,250
Feb. 28	3,409,907	2,993,253	+13.9	2,568,328	1,519,679	1,706,719
Mar. 7	3,392,121	3,004,639	+12.9	2,553,109	1,538,452	1,702,570
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar. 21	3,357,032	2,983,048	+12.5	2,508,321	1,514,553	1,687,229
Mar. 28	3,345,502	2,975,407	+12.4	2,524,066	1,480,208	1,679,589
Apr. 4	------	2,959,646	----	2,493,690	1,465,076	1,663,291

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	*1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,219,304	11,683,430	+13.1	10,183,400	9,290,754	9,787,901
February	11,894,905	10,589,428	+12.3	9,256,313	8,396,231	8,911,125
March	12,965,158	10,974,335	+18.1	10,121,459	9,110,808	9,886,443
April	12,556,430	10,705,682	+17.3	9,525,317	8,607,031	9,573,698
May	13,216,962	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,187,225	11,026,943	+19.6	10,068,845	8,832,736	9,773,908
July	13,837,916	11,616,238	+19.1	10,183,255	9,170,375	10,036,410
August	14,118,976	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,915,353	11,484,529	+21.2	10,653,197	9,486,866	9,908,314
October	14,765,945	12,474,727	+18.4	11,289,617	9,844,519	10,065,805
November	13,988,934	12,213,543	+14.5	11,087,866	9,893,195	9,506,495
December	15,095,452	12,842,218	+17.5	11,476,294	10,372,602	9,717,471
Total for year	162,762,560	138,653,997	+17.4	124,502,309	111,557,727	117,141,591

*Revised.

Petroleum And Its Products

Seeking to stimulate production to meet military demands, the Office of Price Administration granted a price increase of 25 cents a barrel on all grades of Pennsylvania grade crude oils, effective March 25, with an advance of the same amount scheduled to become effective when output reaches a daily average of 80,000 barrels over a three-month period. The cost to the industry will total $15,000,000 over the next years, it was estimated by the OPA, with the money being spent for repressuring, reconditioning and drilling of new wells.

Production of Pennsylvania grade crude oil at the time of the original petroleum price schedule was around 75,000 barrels daily, or approximately 2% of the total United States crude oil output. Although production has increased only slightly since then, deliveries to refineries rose to better than 80,000 barrels daily through the use of crude withdrawn from storage. Depletions from stocks are bringing inventories down to what the OPA calls a "working" minimum.

The new price list posted by the Joseph Seep Purchasing Agency of the South Penn Oil Co. following the issuance of the order approving the markup in prices sent quotations to the highest levels reached by Pennsylvania grade crude oil since the early 1930's. Under the new schedule, Bradford moves up to $3 a barrel; Southwest Pennsylvania Pipelines to $2.65 and Buckeye and Eureka to $2.55 and $2.59, respectively. All of the new prices are 25 cents a barrel higher than the previous maximum permitted under OPA orders.

The OPA also announced approval of higher prices for gasoline and fuel oils in the shortage-threatened East Coast area on the same day although these increases did not reflect in full the increased operating costs of the oil companies due to the use of railroad tank cars for transportation of crude to the East Coast refining centers. The announcement of the approved increase in prices pointed out that it was in recognition of the higher operating costs but unofficially the trade pointed out that the advance, while a step in the right direction, did not fully compensate for their sharp rise in transportation costs.

In its amendment to the petroleum and petroleum products price schedule, the OPA approved a markup of ½ cent a gallon in wholesale and retail prices of gasoline in the 17 Eastern and Southern States and the District of Columbia which comprise the "curtailment area." The order also provided for an increase of 0.4 cents a gallon in prices of distillate fuel oils, including kerosene, tractor fuels, gashouse fuels and Diesel oils, and the price of residual fuel oils, including bunker oil, Navy oil and certain Diesel oils, to be boosted 20 cents a barrel. It did not take in Florida and Georgia where prices had already been higher.

The Office of Price Administration in its announcement pointed out that the permission to increase prices "must be considered an interim action" subject to such revision as may be dictated after study of conditions surrounding the transportation of petroleum and petroleum products to the Eastern area in the future. The action followed the recommendations of the Office of the Petroleum Coordinator, it was disclosed, and much weight was given to estimated increase in transportation costs furnished by the oil companies involved.

Details of an emergency program for the relief of the industrial fuel oil situation in the Eastern States which have suffered the most from the shortages created by the submarine sinkings of tankers in the Gulf-East Coast run were made public in Washington on March 27 by Petroleum Coordinator Ickes. The industry was urged to cooperate in the plan by which it is proposed to provide quickly additional supplies and an increase of approximately 5,000,000 barrels over the next five weeks in the East.

The members of the Petroleum Coordinator's general committees of the industry for the East Coast, Middle West and the Southwest have agreed upon a five-point program of operation and distribution, and in addition, upon a plan for the improvement of service of supplies by tank car. The plan particularly aims at relieving the New England States where industrial shutdowns have been threatened by the shortness of fuel oil stocks. The major specific actions which the industry is directed to put into operation immediately are:

1.—Obtaining for distribution such stocks of heavy fuel oil as are now in consumers' storage facilities, in District No. 1 (East Coast) in excess of consumers' immediate requirements.

2.—So altering the operation of refining facilities in District 1 during the period March 27 to April 30 as to increase the yields of heavy fuel oil with an equivalent reduction in the yields of gasoline.

3.—Raising the gravity of heavy fuel oil now in storage at refineries and delivery from refineries or refinery terminals in District 1 from March 27 to April 30, by adding lighter fuel oils.

4.—Loading and shipping 2,000,000 barrels of heavy fuel oil by tank car from District 2 to District 1 between March 27 and April 30.

5.—Loading 1,000,000 barrels of heavy fuel oil from District 3 to District 1 by tanker between March 27 and April 15, in addition to those cargoes presently scheduled.

The program calls for revision of refinery operations to provide an increase of at least 5% in the heavy oil output and prohibit the production of industrial fuel oil of less than 14 degrees gravity. It is provided, however, that refineries who can demonstrate that it is physically impossible for them to make these readjustments or that the readjustments would interfere with production of military material are permitted to ask the OPC for modifications.

On the final day of March, Deputy Petroleum Coordinator Davies ordered into immediate effect a plan for "voluntary rearrangement" of midwestern oil transportation systems to provide additional tank cars for servicing the Eastern seaboard. The plan, recommended by the midwest oil industry's supply and distribution committee, was described by the OPC as "revolutionary in scope." It was emphasized, however, that the move does not presage any rationing of gasoline to motorists in the Middle West and that a shift in transportation means in that area would not cut oil supplies very much.

A nation-wide conference with representatives of the various State petroleum regulatory agencies will be held by Petroleum Coordinator Ickes on April 14 in Washington, Don R. Knowlton, of the OPC, disclosed at the March 29 meeting of the Interstate Oil Compact Commission at Little Rock, Ark. Mr. Knowlton, who is the OPC production director, told the oil men at the meeting that new drilling operations should be pushed during the war because the United States "might have to supply the entire Allied world with oil."

He pointed out that the United States had been losing ground in finding new reserves and that during the past three years "we have lost some 2,000,000,000 barrels." Mr. Knowlton estimated that only 19,000 new wells will be drilled this year as against 31,000 in 1941. "I think that this situation is so serious that companies should be encouraged to continue with fundamental research to discover new reserves," he said in emphasizing that the OPC order M-68 limiting spacing requirements in oil and gas fields should not be interpretated as a move to slacken up new drilling.

Daily average crude oil production in the United States during the final week of March gained 162,680 barrels to hit 3,844,150, the "Oil & Gas Journal" reported Tuesday. Output in Texas, where there were only two shutdown days, spurted 192,150 barrels to 1,410,150 barrels with Kansas and Louisiana also reporting higher totals. California, Illinois and Oklahoma showed declines in their daily flow of crude oil. The Bureau of Mines reported on March 26 that stocks of all oils were off 2,252,000 barrels during January to 553,291,000 barrels, against 555,543,000 barrels a month earlier. January stocks were off 4,662,000 barrels from the comparable 1941 date.

The petroleum industry found 1,968,963,000 barrels of new oil during 1941, or 564,781,000 barrels more than the 1,404,182,000 barrels of crude oil produced during the year, the American Petroleum Institute's Committee on Petroleum Reserves announced. The new increase raised total known underground reserves of oil as of Jan. 1, last, to 19,589,296,000 barrels.

Price changes follow:

March 25—The OPA approved an advance of 25 cents in the top price for Pennsylvania grade crude oils.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$3.00
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Domestic demand for motor fuel during April is expected to show a substantial decline due to the 20% gasoline curtailment in the East and Pacific Northwest plus tire rationing, the Bureau of Mines forecast this week in placing probable demand for the period at 55,700,000 barrels. The Bureau pointed out that this was "about 5,000,000 barrels less than might have been expected," had there been no gasoline and rubber restrictions.

In January, the Bureau said, total demand for gasoline of domestic origin was 10% greater than for the previous January, but that during February a gain of only 3% was indicated over the corresponding month in 1941. For April, the forecast indicated that the demand would be about 2% under April, 1941. "This sharp drop in the relative demand for motor fuel, notwithstanding the influence of adverse weather conditions, indicated a greater and more immediate effect of tire rationing than was anticipated," the Bureau continued. "With the initiation of the program to curtail gasoline deliveries in the East Coast and Pacific Northwest, a further substantial cut in normal motor fuel demands is expected."

The reaction of the trade in the East Coast to the higher maximum prices for refined products announced during the week by the Office of Price Administration was that while the move was in the right direction and was to be commended, the advances nevertheless will not nearly compensate for the sharp increase in operating costs resulting from the enforced use of the high-rate railroad tanker for the movements of petroleum from the Gulf Coast to the Eastern Seaboard.

A reduction in the price of tetraethyl lead, a compound used in lifting the octane rating of motor and aviation gasoline, was announced this week by the Ethyl Gasoline Corporation, manufacturer of the product. Under the new price schedule, the price was cut from .20 cents per cubic centimeter to .18 cents per cubic centimeter, effective April 1.

March 25—The OPA approved advances of ½ cent a gallon in wholesale and retail prices of gasoline, 0.4 cent a gallon in distillate fuel oils, and 20 cents a barrel for residual fuel oils, including bunker oil, Navy oil, and certain Diesel oils.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vacuum	$.098
Tide Water Oil	.098
Texas	.098
*Shell Eastern	.098
Other Cities—	
Chicago	.05⅜-.05⅝
Gulf Coast	.055-.625
Oklahoma	.05⅜-.05⅝

*Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.057
Baltimore	.058
Philadelphia	.058
North Texas	.04
New Orleans	4.25-4.625
Tulsa	0.4⅜-.045

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.55
Diesel	2.318
Savannah, Bunker C	1.50
Philadelphia, Bunker C	1.55
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

Sugar Substitutes No Solution To Shortage

Suggestions that molasses or other sweetenings replace sugar in a variety of recipes, or that industrial users of sugar use more molasses or corn sugar, will contribute nothing toward the conservation of sugar or the solution of the "shortage," the Commodity Research Bureau, Inc., New York, pointed out on March 28.

From a given amount of sugar cane, either molasses or sugar or a combination of both can be produced, but the actual sugar content involved cannot be altered, the Bureau says. That is why it is a bit ridiculous for the housewives of the country to be told to substitute molasses in their recipes in order to conserve sugar. The Bureau also says:

> At the same time, the supply of honey, maple products, and sorghum syrup annually contributes less than 2% of our "sweetening" needs, and production is not susceptible to any substantial expansion over a short period of time. In addition, the demand for corn sugar and corn syrup, even before rationing of beet and cane sugar started, was taxing the capacity of the processing plants—and no new machinery or plants are being constructed.

Finally, the Bureau points out, the country's normal consumption of "fruit" sugar, in the form of canned, dried and fresh fruits is likely to expand very little because of lend-lease demands, needs for the armed forces, the limited capacity of canners, and the present and impending difficulties in both ocean and continental rail-truck transportation. The Bureau concludes that the country's per-capital consumption of "all sugars" will probably be reduced for the duration of the war and that most of the advice "to use substitutes" will but aggravate the situation by creating abnormal demands and excessive price advances in the "substitute" fields. Honey, has more than doubled in price in recent weeks while maple sugar and syrup have enjoyed a firm price trend. The Bureau believes that the demand for these and other substitutes will gather further momentum once actual consumer rationing is made effective.

Foreign Front

(Continued from First Page)

were not all bad, for convoys were sent through to Russia and the Germans suffered a defeat in trying to halt them.

That the Battle of the Atlantic again has turned against the United Nations was admitted last Thursday by Prime Minister Churchill, in the course of a London speech before a party meeting of his Conservative followers. Although the Atlantic situation has "worsened," Mr. Churchill declared that this situation would prevail only for the time being. He indicated that sinkings off the Atlantic Coast have turned the tide in favor of the Axis.

But the gloomy report by Mr. Churchill quickly was followed by indications that convoys still are proving highly effective as a protection against the submarine menace. A naval battle off the Northern tip of Norway developed last Sunday, as Nazi warships and airplanes attempted to halt the seaborne delivery of supplies to Russia. Berlin reported the convoy en route to Murmansk, but no information on the destination was made available by the United Nations. Almost all of the convoyed merchant vessels apparently got through safely, despite a German claim that four ships totaling 27,000 tons were sunk, and four others damaged. The Nazis admitted the loss of a destroyer and a submarine, while claiming torpedo hits on a British cruiser and submarine. London reported, Tuesday, that the new cruiser Trinidad, 8,000 tons, had been torpedoed and that the destroyer Eclipse also had suffered some damage, but both vessels made port. According to the London version, three German submarines were hit.

Submarine warfare off our American coast continued to result in sinkings almost every day. The officially acknowledged losses, as compiled by the Associated Press, reached the level of 100 ships at the end of March, more than half the vessels having been sunk off our Atlantic Coast, while Caribbean sinkings numbered 24 and Canadian Coast sinkings amounted to 22 ships. These losses are much under German claims. Some Axis submarines are known to have been sunk, but reports are not complete on this phase of the battle.

British Offensive

Evidence accumulates from day to day that a British offensive of worthy proportions is being unlimbered against the German Reich and the nearby areas of the European Continent dominated by the Nazis. Whether an actual invasion of the Continent is foreshadowed by the incidents is not yet clear, but the British activities are assuming a scale that may be the equivalent of the "second front" demanded by the Russians. Huge mass meetings in London, at which a second front is advocated, may be indicative.

British Commando troops, aided by Naval and Air Force contingents, staged a spectacular raid early last Saturday on the German submarine base of St. Nazaire, in occupied France. The aim was to render the U-boat base useless for the time being, and London is conviced that this was achieved. Berlin claims defeat of the British aim, which may or may not reflect the truth.

The raid was important, in any event, as a reflection of the steadily increasing British efforts against the Nazi dominators of the Continent. Several such descents have been made upon Norwegian points, of late, and the Germans will have to augment their forces on the long coastline of Europe, in order to ward off further blows. Coming at a moment when the Nazis want to use their entire strength against Russia, these British raids are a distinct service to the Russian cause, and therefore a substantial contribution to the ultimate success of the United Nations.

In the raid against St. Nazaire the British employed the old destroyer Campbeltown, formerly the U. S. S. Buchanan. Strengthened at the bow, this ship was loaded with a heavy charge of explosives and sent against the locks of the large dock in the French port. Accompanying torpedo boats and launches took off the crew of the destroyer, as she was wedged into the dock gates up to her bridge, and a subsequent explosion indicated satisfactory performance of the aim. Commando troops went ashore in the meanwhile, and created havoc in electrical and other plants. Overhead, Royal Air Force planes zoomed and added to the destruction and the confusion. Not all of the British forces were able to make good their escape, but London considered the sacrifice well worth while, for the base was held to be useless for a long time to come.

Improved weather also made possible a resumption by British aerial squadrons of intensive bombing of German industrial cities and ports. Exceptionally heavy raids were staged against the Reich over the last week-end, with the German Krupp works the particular target. The Nazis also took advantage of increasing moonlight and bombed various British towns. The raids and counter-raids were continued this week, and bid fair to become a major element of the battle before long. Sizable losses were reported on both sides.

Prime Minister Churchill addressed his Conservative party followers at a meeting last Thursday, and conceded that the battle of the Atlantic is not going too favorably for the United Nations. He maintained, however, that only failure of the United Nations to use their overwhelming strength and multiplying opportunities can prevent eventual victory over the Axis. A by-election, held the same day, promises to echo in British affairs, for a Conservative was defeated by a narrow margin in a normally Conservative constituency, notwithstanding endorsement by Mr. Churchill and support by the Conservative, Labor and Communist groups. An Independent gained the seat in the House of Commons, despite a negligible political organization, on a simple platform of "production for victory."

New Phase in Russia

Although the thaws of Spring are only beginning in Russia, fighting between the invading Reichswehr and the defending Red Army already is said to be assuming a new phase of intensity. Hitler, according to reports from London, yesterday, is pouring vast new armies into the southern sectors of the vast front that stretches from the Black Sea to the Arctic at Murmansk. At the northern end of the line the Germans are trying desperately to prevent the delivery of British and American war supplies to the Soviet Union. The battle is on and the issue is of the utmost gravity.

The importance attached by the United Nations to the Russian front was illustrated in various ways, this week. President Roosevelt issued orders for the removal of all barriers to the shipment of supplies to Russia, and British authorities are understood to have continued their rapid dispatch of war materials. Great convoys which rounded the North Cape on their voyage to Murmansk were intercepted by German naval and aeriel forces, but almost all of the supplies are reported safely delivered to the Russians. It is fairly obvious, meanwhile, that shipments also were rushed via the Persian Gulf route, which is not subject to German interference.

Lord Beaverbrook, who is in the United States to speed the delivery of lend-lease supplies to the United Nations, expressed the views of the British Cabinet, last Sunday. In a radio address he singled out the Russian front as the vital one of the moment and as the one on which "the hopes of humanity are centered." Mass meetings were held in the British capital, over the last week-end, with the aim of stimulating the British Government to attempt a second front in Europe.

On the German side, efforts again were reported this week for dragooning into service against the Russians some of their blood brothers in Southeastern Europe. The Bulgarians were urged to furnish enormous levies to fight their fellow Slavs. Impressed by the power wielded temporarily by the Reich on the Continent, Bulgarian spokesmen declared, last Saturday, that "events are demanding from us our greatest efforts." It was not stated, however, that such efforts include the contributions of manpower demanded by the Nazis, and the Bulgarian course still is not clarified. Unfortunately, there is little doubt about the new divisions placed at the disposal of the Nazis by Hungary and Rumania, notwithstanding a border dispute between those countries.

Russian forces retained the initiative in the fighting of the last few days on almost the entire front. Sharp cold descended on parts of the central and northern sectors, which aided the defenders. Moscow claimed new successes especially around Leningrad, and announced that a German attack on the Kalinin sector had been beaten back with heavy losses to the Nazis. Many German soldiers were trapped in a new pocket near Vyazma, and the hope again was held out that Kharkov might soon be retaken.

German announcements were laconic and uninformative, but if the latest reports from London are correct it may be that the Nazi statements were intentionally misleading. The Reichswehr is about to open a tremendous new drive with freshly manufactured equipment, it appears, and the immediate aims are believed to be complete occupation of the Crimea and a spearhead drive toward the Caucasus oil fields. The Germans have 4,500,000 men in line, according to the British estimates, and facing them are more than 7,000,000 Russians.

Near East

Intense aerial activity was reported in the Mediterranean, this week, and it may well prove to be a forerunner of new developments in the Near East. Diplomatic endeavors probably were even more frantic than the military efforts, for the Germans are trying to prod Turkey into taking an active part on their side, while the United Nations naturally are urging a different course upon Ankara. Sizable shipments of war materials recently have arrived in Turkish ports from Britain and the United States, which doubtless is indicative. Bulgaria, on the other hand, apears to be on the verge of new ventures, which could be directed against Turkey more readily than against Russia.

While clarification of the Near Eastern situation was awaited, German and Italian airmen augmented sharply their bombing of the British base on Malta, which was reinforced by a sizable British convoy, last week. Some of the British escorting and merchant vessels apparently were at Valetta for some days, as particular efforts were made by Reich fliers to hit such ships. London reported little damage to Malta installations, but announced that large numbers of enemy airplanes were shot down.

German and Italian convoys continued to cross the Mediterranean for the purpose of reinforcing the desert forces under General Erwin Rommel. Vast new supplies are understood also to have reached the British Empire units in the Western Desert region of Italian Libya. It is generally believed that the battle soon will be joined again in Libya, possibly with the Axis on the defensive, for a double offensive by the Germans in Russia and Northern Africa seems none too likely.

Vichy France

Relations between the United States and the Vichy regime in unoccupied France last week were reported on the mend, owing to sweeping assurances that the French Fleet will not be turned over to Germany and that France's possessions in the Western Hemisphere will not be made available for Axis submarines or other uses by the enemy. Washington made no formal announcement of this understanding, but the disclosures nevertheless were said to be authoritative. The assurances, while complete, were depicted as dependent upon fulfillment. If Vichy France lives up to the commitments, it would seem that almost all occasions for friction finally have been surmounted.

Although food remains short in France, there appears to be no commitment by the United States Government for shipments from this country. Marshal Petain issued an appeal, last Sunday, for the surrender by French peasants of 3,000,000 additional quintals of wheat, in order to avert desperate conditions. The so-called "war guilt" trial at Riom dragged on, in the latter days of March, but to so little effect that suspension was ordered by the Vichy authorities, and resumption of the trial is considered uncertain.

India and Burma

Japanese troops pressed forward this week on the road to Mandalay, and the progress they made gave ever greater urgency to the negotiations at New Delhi concerning the military dispositions affecting teeming India. London admitted on Tuesday, almost with a note of despair, that the enemy was moving northward in Burma, owing to complete control of the air and the apparent willingness of the Burmese natives to assist the Japanese. Across the border in India, meanwhile, the fate of the sub-continent hung in the balance.

Sir Stafford Cripps, special envoy of the British Government, conferred at length with Indian leaders of the Hindu and Moslem faiths, with a view to bringing India actively into the defense against the Japanese aggressors. Hope mounted over the last week-end that this could be accomplished, but the prospects again turned grim early this week. Offers of complete independence and equality in the British Commonwealth, to be implemented immediately after termination of the war, were conveyed by Sir Stafford Cripps to the Indian leaders, who were asked in return to marshal the resources of India for their own defense under British control and direction for the time being.

Full details of the British offer which Sir Stafford Cripps carried to India were disclosed last Sunday. The statement issued at New Delhi indicated unanimous approval by the London war Cabinet of a proposal for Indian independence at the conclusion of the war, on the basis of a Constitution which would protect racial and religious minorities. Full Dominion status was pledged to the Indian people and even the right of secession from the Commonwealth was granted. It appears, however, that Mahatma Gandhi found the required active participation in the war incompatible with his non-violence doctrines, and other Hindu spokesmen also found what they regarded as flaws in the British proposal. The Moslem minority felt that lack of Hindu support made a decision needless on their own part.

This, of course, is hardly the final word on India, for new leaders might be found with a greater sense of reality, if and when the Japanese extend their aggressions to the "brightest jewel" in the British crown of Empire. Fresh proposals may be evolved by the British Cabinet, although it is difficult to envision larger concessions than those already offered. This is clearly not the moment for India to embark on uncharted seas.

The battle in Burma, meanwhile, went heavily against the British and their Chinese associates on the ground. Much aid unquestionably was extended by the Chinese divisions which made forced marches from their own country, to help the British Empire units. Lack of effective aerial support once again proved bitterly disappointing to the United Nations forces, and the fifth column activities of the Burmese were admitted by London. The Japanese captured Toungoo and approached Prome, early this week, thus offering a threat to the important Burma oil fields. The Andaman Islands, in the Bay of Bengal, were occupied by the enemy a week ago, and doubtless will be used to hamper British communications. Satisfactory reports on the Burma fighting were limited to indications of heavy casualties among the attackers.

Pacific Council

Indications were made available this week of the comprehensive and long-range planning by the United Nations for the struggle in the Southwestern Pacific region, where the Japanese sooner or later must be stripped of their recent conquests. A Pacific War Council, which will sit in Washington, was announced by the White House, last Monday, with the aim of coordinating policies and war efforts of all the United Nations directly concerned in that theater. The first meeting of this Council was held yesterday, when representatives of the British, Chinese, Netherlands, Canadian, Australian and New Zealand Governments conferred with President Roosevelt. The plan of the campaign for the inevitable reconquest in the Far East will, of course, become apparent only through military action.

Recent events in the Pacific show that no time is being lost in the preparations for the final show-down. A lengthy official communique of our Navy Department, issued a week ago, described raids by task forces of the U. S. Navy on Wake Island and Marcus Island, which took place Feb. 24 and March 4, respectively. Marcus Island is only 1,000 miles from Tokio. Only a single American airplane was lost in each attack, but the damage inflicted upon the enemy was said to be heavy.

At his general headquarters in Australia, General Douglas MacArthur was informed last week that he had been granted the Congressional Medal of Honor for his valiant defense of the Philippines. Fresh American troops continued to arrive in Australia, and sizable numbers of the Anzac corps returned from other theaters to aid in the defense of Australia and New Zealand. The gathering of forces in Australia makes it clear that a northward push from that Commonwealth will be one factor in the developing campaign against the Japanese enemy.

Actual fighting on the fronts in Oceania consisted largely of aerial

(Continued on page 1359)

Treasury Opposes 6% Limit On Naval Profits Favors High Income, Excess-Profits Taxes

Opposition of the Treasury Department to the provisions in the bill (H. R. 6790) imposing a flat 6% limit on profits on naval contracts was voiced on March 25 by Randolph Paul, special tax adviser to Secretary Morgenthau. Testifying before the House Naval Affairs Committee, Mr. Paul summarizing the objections of the Treasury said:

The Treasury Department is not in favor of the enactment of H. R. 6790 because of the serious discriminations in industry which would thereby be created and because the Department feels that high corporate income and excess profits taxes constitute a much more effective, equitable and economical method of recapturing excessive profits derived from the war effort.

At the outset of his testimony Mr. Paul indicated that he would confine his remarks to the provisions of the bill relating to the limitation of profits on naval contracts and that he would "not deal with the provisions of the bill relating to overtime pay, union security, and other labor problems."

Mr. Paul explained that "the bill is in the form of an amendment to the Act of June 28, 1940 the profit-limiting provisions of which were suspended by the Second Revenue Act of 1940. He went on to say:

It provides for the 100% recapture of profits from all naval contracts completed within the income tax taxable year in excess of 6% of the cost of performing such contracts. There is no limitation of profit in terms of percentage of contract price as there was in previous legislation of this type. The term "naval contract" is so defined as to include only prime contracts entered into on behalf of the United States by the Navy Department, but it includes such contracts whether or not they are for the procurement of implements of war.

The Treasury's disagreement with the bill is a disagreement over the method rather than over objectives. The case for the special taxation of profits on war contracts, which this bill attempts, may perhaps be briefly stated. The urgency of the Government's need, on the one hand, and the small number of firms that are able to take prime contracts, on the other, tends to weaken the Government's bargaining position. The fact that many contracts call for the manufacture of non-standard items, the costs of which cannot be accurately estimated in advance, means that in many cases the contract will turn out to be either unprofitable or highly profitable. Finally, high profits on war contracts are likely to impair the confidence of the people in the integrity, honesty, and efficiency of the Government.

It is the position of the Treasury, however, that this bill does not provide a suitable method of achieving the deserved objective.

Mr. Paul cited eight reasons for this position, viz:

1. Excess profits taxes are a better method of recapturing unduly high profits.
2. The bill fails to take account of all elements of cost.
3. The bill discriminates in favor of peacetime business operations.
4. The bill discriminates in favor of the subcontractor or materialman.
5. The bill discriminates in favor of manufacturers having a rapid turnover.
6. The imposition under the bill of "crushing bookkeeping and administrative burdens on contractor and Government alike.
7. The failure to provide a carryover of deficiency in profit.
8. The bill would leave no incentive for reducing cost to the Government.

In support of his view that "excess profits taxes are a better method of recapturing unduly high profits," Mr. Paul said:

The Treasury Department has suggested to the Committee on Ways and Means that existing tax rates applicable to corporations be substantially increased. Under the rates suggested, the excess profits tax would be at a rate of 75% on all adjusted excess profits net income above $500,000. The combined normal and surtax rate would be 55% upon all net income of the corporation. This would give a combined maximum rate of 88¾%, apart from a possible post-war rebate, under certain conditions, of 8¾%. Assuming a company in which all Navy business would be subject to the highest bracket of the excess profits tax (which appears to be the usual case), in order to yield after taxes the 6% of cost of performance proposed under this bill, profits would, under the Treasury suggestions, have to be in excess of 53% of the cost of performance before taxes.

A preliminary examination of the report of this Committee on profits from naval contracts reveals no instance of a company whose total Navy business has yielded or is expected to yield in excess of this 53% figure. I make this statement bearing in mind the fact that the report contains numerous examples in which profits on individual contracts substantially exceeded 53% of cost. Most of these cases, however, were either cases in which the contract was for a comparatively small amount and the profit was absorbed by much lower rates of profit on more substantial contracts or cases in which losses on other contracts completed in the same year substantially reduced the percentage of profit on total Navy business.

Of course, not all companies would, under the tax proposals made by the Treasury Department, have to earn more than 53% on their contracts before taxes in order to net 6% after taxes. Aside from companies—mostly small companies—with excess profits taxable only in the lower brackets, the exceptions are companies which are not subject to excess profits tax. This means either that their income is now less than it was in the years 1936 to 1939, in many cases due to the war effort, or that they are earning less than 7 or 8% on the investment in the business as a whole. Even in these cases, however, the effect of the proposed normal and surtaxes would be substantial, so that it would be necessary for a company subject to the 55% normal and surtax rate to earn 13⅓% of the cost of performing contracts before taxes in order to retain 6% after taxes.

It may thus be said that the proposals now under consideration by the Committee on Ways and Means will, in practically all cases, recapture for the Government more profits than those in excess of 6% of cost of performance. The only important exception will be those cases in which the financial condition of the company entitles it to more favorable tax treatment.

As to the contention that the bill fails to take account of all elements of cost, Mr. Paul stated:

It is provided by this bill that no item of cost shall be charged to the performance of any contract unless such item would have been so chargeable under the provisions of T. D. 5000 which contained the Treasury regulations respecting the profit-limiting provisions of the Act of June 28, 1940. Allowable costs, as defined in T. D. 5000, do not include interest on funded debt or income and excess profits taxes paid during the life of the contract. While it would be administratively almost impossible to allocate any portion of such payments to specific contracts, their exclusion from allowable costs for the purpose of profit limitation might result in a tax liability approaching or even exceeding net income after all taxes and interest. Even when a company's capital structure contained no funded debt, a 6% return on cost before taxes would, in most cases, be equal under present law to 1.7% after taxes and, under the Treasury proposals, to less than 7/10ths of 1% after taxes. Such results would not apear to be consistent with the avowed purpose of the bill to force only unreasonable profits to be paid back to the Government.

As to discrimination in favor of manufacturers having a rapid turnover, Mr. Paul had the following to say:

Profit-limiting legislation of the type contained in this bill discriminates as between companies having a rapid turnover and companies having a relatively slow turnover. An over-all allowable rate of 6% of cost might be unreasonably high in the case of a rapid turnover company making, for example, certain types of aircraft parts. If it turned over its productive capital four times in a year, it would realize 24% on its capital. On the other hand, the 6% rate might well be too low in the case of a company constructing ships of the line. Such a company might turn over its productive capital only once in three years and would thus be allowed an annual return of but 2% of such capital. The bill, therefore, would favor those corporations which enjoy high ratios of gross sales to fixed capital and penalize those which operate with a low ratio.

The company with a rapid turnover would have an additional advantage under this bill due to the fact that its contracts would tend to cover shorter periods of time. It would thus complete many more contracts within the year than would the company with a slow turnover and would, therefore, have the advantage of being better able to average its profits within the year. It should also be noted that a one year loss carryover on a single contract would be of little value to a firm which will not be able to complete its second contract for more than a year after the completion of the first.

Mr. Paul's testimony bore on the Smith-Vinson bill for curbs on labor and profits. In advices from its Washington bureau on March 25 the New York "Journal of Commerce" said:

Under terms of the Vinson-Smith bill, the Government would be authorized to recapture 100% of profits from all naval contracts completed within the income tax year in excess of 6% of the cost of performing such contracts. A one-year carryover of loss is permitted, but not a carryover of deficiency of profit. Only contracts completed within the tax year which are in excess of $10,000 a year are covered by the bill.

The bill would "also" suspend the 40-hour work law and impose restrictions on the closed shop.

Roosevelt Approves Plan For Deferring Anti-Trust Actions Which Impede War Effort

President Roosevelt has approved a plan for deferring pending and future Federal Court investigations, suits and prosecutions under the anti-trust laws if it is found that action in such cases would seriously interfere with the war effort, the White House announced on March 28.

The President acted on the basis of a memorandum recommending a course of action, worked out by Attorney General Biddle, Secretary of War Stimson, Secretary of the Navy Knox and Thurman Arnold, Assistant Attorney General in charge of the Anti-Trust Division. The four officials suggested on March 20 a procedure to be followed and Mr. Roosevelt approved the plan the same day.

The memorandum emphasized that no one who has violated a law shall escape ultimate prosecution and that Congress will be requested "to avoid the running of the statute of limitations in any case." It was also pointed out that no person will be permitted even now to postpone investigation "under a false pretext" that his undivided time is necessary to the war effort and that there will be no delay in the prosecution of any actual fraud committed against the Government.

The President, in approving the procedure to be followed, said that "the war effort must come first and everything else must wait" if it is true that any substantial slow-up of war production is being occasioned by anti-trust suits.

The procedure worked out allows the Attorney General to proceed with a case if he and the Secretary of War or Navy conclude that it "will not seriously interfere with the all-out prosecution of the war." If they agree that it will interfere, or if they disagree, the Attorney General will abide by the decision reached by the Secretary of War or Navy and defer his activity. However, the President retains the final decision.

The White House announcement on the subject of anti-trust prosecutions follows:

On March 20 the President received from the Attorney General, the Secretary of War, the Secretary of the Navy, and Thurman Arnold, the following signed memorandum:

"March 20, 1942.

"Dear Mr. President:

"The undersigned have been considering for some time the problem presented by the fact that some of the pending court investigations, suits and prosecutions under the anti-trust statutes by the Department of Justice, if continued, will interfere with the production of war materials.

"In the present all-out effort to produce quickly and uninterruptedly a maximum amount of weapons of warfare, such court investigations, suits and prosecutions unavoidably consume the time of executives and employees of those corporations which are engaged in war work. In those cases we believe that continuing such prosecutions at this time will be contrary to the national interest and security. It is therefore something which we seek to obviate as quickly as possible.

"On the other hand, we all wish to make sure: 1. That no one who has committed a violation of law shall escape ultimate investigation and prosecution; 2. that no such person shall even now be permitted to postpone investigation or prosecution under a false pretext that his undivided time is necessary to the war effort — in other words, that it must be preponderantly clear that the progress of the war effort is being impeded, and, 3, that no one who has sought actually to defraud the Government shall obtain any postponement of investigation or prosecution in any event.

"Accordingly we have worked out the following procedure, subject to your approval:

"Each pending and future Federal court investigation, prosecution or suit under the anti-trust laws wil be carefully studied and examined as soon as possible by the Attorney General and the Secretary of War or the Secretary of the Navy, respectively. If the Attorney General and the Secretary of War or the Secretary of the Navy come to the conclusion that the court investigation, prosecution or suit will not seriously interfere with the all-out prosecution of the war, the Attorney General will proceed. If they agree that it will interfere, or if after study and examination they disagree, then, upon receipt of a letter from the Secretary of War or the Secretary of the Navy stating that in his opinion the investigation, suit or prosecution will seriously interfere with the war effort, the Attorney General General will abide by that decision and defer his activity in that particular matter, providing, however, that he shall have the right, in such event, to lay all the facts before the President, whose determination, of course, shall be final. In each case the action finally taken will be made public.

"The deferment or adjournment of the investigation, suit or prosecution will not, however, mean the exoneration of the individual or corporation, or the discontinuance of the proceeding. As soon as it appears that it will no longer interfere with war production the Attorney General will proceed.

"To make sure that no one escapes by the running of the statute of limitations, we shall request Congress to pass an appropriate extension of the statute.

"Under no circumstances will there be any suspension or postponement of prosecution for any actual fraud committed against the Government.

"We feel that this arrangement will adequately protect the public interest.

"Respectfully yours,

"FRANCIS BIDDLE, Attorney General;

"HENRY L. STIMSON, Secretary of War;

"FRANK KNOX, Secretary of the Navy;

"THURMAN ARNOLD, Assistant Attorney General.'

On the same day, March 20, the President in identical letters addressed to the Attorney General, the Secretary of War and the Secretary of the Navy, notified them of his approval of the procedure outlined in the above memorandum. The President's letter reads:

"March 20, 1942.

"I approve of the procedure outlined in your memorandum to me dated March 20, 1942. If it is true that any substantial slowing-up of war production is being occasioned by anti-trust suits, prosecutions or court investigations, then the war effort must come first and everything else must wait. For unless that effort is successful, the anti-trust laws, as indeed all American institutions, will become quite academic.

"No one, of course, should be permitted to escape ultimate prosecution for any violation of law. I am sure that the Departments of Justice, War and Navy will all co-operate so that the needs of the war will not be hampered by these court investigations, suits or prosecutions, but that at the same time the crisis of war will not be used as a means of avoiding just penalties for any wrongdoing. In other words, it must be made very clear that the war effort is being impeded. No right-minded person, or any one who is conscious of what is at stake, should use the nation's extremities as an excuse to violate any statute.

"Nor, indeed, should there be any deferment or adjournment of any court investigation, prosecution or suit unless, after a study and examination with the Attorney General in each specific case, the Secretary of War or of the Navy is satisfied that the war effort will be jeopardized at this time unless such course is followed.

"I note from your memoranrum that proper steps will be taken to avoid the running of the statute of limitations in any case; and that under no circumstances will there be any delay in the prosecution of acts involving actual fraud upon the Government.

"I also heartily approve your intention of making public each determination arrived at by you in accordance with your memorandum. The American people should be informed of each step in their war efort, excepting, of course, any information which may in any way help the enemy in his attempt to destroy us.

"While every precaution will be taken to prevent any one from escaping prosecution if he has violated the anti-trust statutes, whether he is now engaged in war work or not, we must keep our eyes fixed now upon the one all-important primary task—to produce more materials at a greater speed. In other words, we shall give our attention to first things first.

"Very sincerely yours,

"FRANKLIN D. ROOSEVELT."

From Washington

(Continued from First Page)

in 1940 — not on a worthwhile scale—and on the other hand, Standard Oil is "near treasonable" because it didn't turn over its patents to that uninterested Government.

You pays your money and takes your choice in the great show of Washington, ladies and gentlemen.

It might be a little more enlightening to observe that even now that the Government is rushing preparations for the manufacture of synthetic rubber, it seems not to be lacking in formulas—in plant facilities, yes, but not in the ways of making it.

Thurman is somewhat worried about the possible boomerang of his sensation. It was clear throughout his appearance before the Committee that he didn't want too much indignation to be felt against Standard Oil. He kept insisting that it was the practice of international cartels to which he objected, which was the more legitimate subject of criticism, that Standard Oil was but a victim of a system. Observers at the time noted that Thurman seemed to be a little frightened about his "exposure." He wanted the headlines but he would prefer that any future investigation of the matter be into the general practice of cartels rather than Standard Oil.

In the meantime, however, he has brought down on his head additional epithets from the New Dealers. If they have wanted in the past to wring his neck for his attacks on labor and other anti-New Deal practices, as they have, they would now like to add something like that torture which the enemies of Dick Tracy in the comic strips are administering to him.

Here, they had Jesse Jones on the run. A Gallup Poll would undoubtedly have held Jesse guilty of the rubber shortage.

Then the irrepressible Thurman projects Standard Oil into the picture. The stories about Jesse and Standard Oil can't both be true. That is as plain as the nose on the face.

Perhaps even more humorous, however, has been the boomerang which Washington bureaucracy has gotton to its repeated statements that the country was not "awake," that it was too "complacent."

The first episode unfolds with the output of the Washington propaganda speech factory several months ago that industry didn't realize the gravity of the situation, that it simply must understand that it had to go "all-out." While Donald Nelson and others were making these stereotyped utterances, night after night, business men all over the country were clamoring for war contracts. Their blood pressure running up during the day through seeking ways and means to save their livelihoods and those of their workers, they must have almost burst blood vessels to hear the speakers at night saying they must go "all-out," that they didn't realize the gravity of the situation.

Then, as if in answer to a master control, this spout was turned off and a new one turned on. The output of this one was that the people as a whole, not just industry, were too complacent. They didn't know a war was on; perhaps it would take some Hitler bombs to wake them up. All this, while citizens were uncomplainingly leaving their homes every day for the training camps, while parents were getting casualty notices about their sons, while the people generally were accepting rationing, denials of what they had come to look upon as necessities, while they were paying taxes up to the hilt. What was wanted of them that they were not giving, they must have asked themselves.

But the spout kept spouting that they were complacent and should wake up. Well, they did. They first let out a loud yelp against the boondoggling activities of Mrs. Roosevelt in the OCD, then they began holding town meetings demanding the repeal of the 40-hour week. Through their Congressmen they let it be known that they were plenty awake.

The Washington spouters had veritably opened a Pandoras box.

But their reaction to getting the people "awake" has been a noticeably increased intolerance towards criticism. The cohorts of Hitler are responsible for it. Mr. Roosevelt has become freer with his epithets of "parasites," "fifth columnists," "sixth columnists." It was the cohorts of Hitler, together with the Roosevelt haters, the enemies of the underprivileged, who were responsible for the campaign against Mrs. Roosevelt and the cohorts of Hitler and the National Association of Manufacturers that were responsible for the agitation about the 40-hour week. It so happens that the head of the Manufacturers' Association has testified before a Congressional Committee that his organization did not favor repeal of the 40-hour week. Of course, the press of the country is always the stooge—of Hitler, of the Roosevelt haters.

Aside from the expressions of Mr. Roosevelt, the intolerance has become pronouncedly manifest in Archie MacLeish's Office of Facts and Figures. This writer has just paid $25 to take some guests to the annual dinner of the Overseas Writers. Instead of being informed by the "brilliant" array of foreign correspondents, he listened to a witch burning harangue from three correspondents now with Facts and Figures. Criticism must be stifled, our newspaper headlines are showing disunity; we must be as ruthless with our freedom of speech and press as Hitler has been. Inasmuch as two of the speakers were Frank Knox's men, on loan to Facts and Figures, and three others were discharged employes of Col. R. R. McCormick, the main thing to do to win the war, according to the symposium, is to behead the Tribune publisher.

It was an amazing commentary on things when the new Australian representative here, Mr. Evatts got up, and said he was quite surprised to hear such utterances by journalists in a Democracy that was fighting to preserve Democracy. One of the witch-burners was young Jay Allen, a hitherto obscure journalist, who captured fame by being arrested by Hitler. Evatts observed that the enemy has made mistakes just as we have.

"For example," he said, "Hitler let Allen out of jail."

Martin Dies charges that Henry Wallace's Economic Defense Council is loaded up with Leftists. Wallace replies with a blistering statement that Dies might as well be in the pay of Hitler and Goebbels and then adds that, however, he will investigate the charges.

You have to hand it to Martin's dexterity in the Battle of Washington. Several weeks ago he sprung an "exposure"—to the effect that his agents after painstaking and hazardous work, had dug up the Japanese plan against this country and he had offered it to the Government a year ago. The New Dealers, who despise him, immediately pounced on him and revealed that his "exposure," so laboriously ferreted out, was published and widely circulated years ago and one only had to go to the Congressional Library to get it.

Martin immediately switched and sprung another "exposure"—this time his agents had uncovered a Hitler plot to win the war by destroying the people's confidence in their President. This burned the New Dealers up because Archie MacLeish's Facts and Figures had prepared the same sort of an exposure, but Martin beat them to the headlines.

Congress is getting caught in the cross fire. The people whom the propagandists "woke up" are taking it out on the legislative body. One of its most outstanding members told me the other day that if an election were held tomorrow he doubted that a single incumbent would be reelected. The political future of those up for reelection in November, he said, rests upon what happens between now and then. If we get a victory or so, if the war is going all right, they will be returned to office; if not they are sunk.

The tragedy of it, this man said, is that Congress has nothing to do with the conduct of the war. The people, he said, don't differentiate between the legislative and executive branches. They aren't close to the executive branch. They know their Congressmen and Senators and hold them responsible for what is happening. There is a lot in what he said.

Foreign Front

(Continued from page 1357)

bombardments, in recent days. The Japanese made little progress in their attempt to occupy all of the great island of New Guinea, for floods swept the valleys and hampered all movements. American and Australian bombers dropped their lethal loads on the enemy at Lae, New Guinea, and at Koepang, Dutch Timor, apparently in order to prevent consolidation of Japanese gains and to halt preparations for still further transport movements. Some heavy aerial engagements developed, in which the superiority of United Nations fighters was amply demonstrated.

Japanese fliers attacked Port Moresby, New Guinea, on several occasions, but that important point remains safely in British Empire hands. Fresh raids also were staged against Port Darwin, Australia, without much resulting damage. Netherlands leaders continued to insist that sizable groups of Hollanders and loyal natives were offering stout resistance to the Japanese at various points in Java and Sumatra, but there was no direct news of these last-ditch struggles. It is hardly conceivable, of course, that the Japanese have as yet made any progress toward exploiting their gains in Oceania, and it is earnestly to be hoped that reconquest will prove feasible before the enemy draws any material wealth from the region.

Japanese attacks against our forces on Bataan Peninsula and Corregidor Island, in the Philippines, gained steadily in intensity, but the enemy made no progress. Heavy assaults on Bataan were regarded by General Jonathan M. Wainwright as the forerunner of an all-out attempt to sweep the area. The Japanese were thrown back with huge losses, and any small territorial gains promptly were retrieved by the U. S. and Filipino troops. Immense aerial squadrons dropped bombs on Corregidor day after day, but inflicted little damage on the lofty and rocky islet in Manila Bay.

Japanese ruthlessness came to the fore on Bataan Peninsula, Tuesday, when aerial bombers carrying the Rising Sun insignia plunged their missiles toward a plainly marked American base hospital. The enemy previously had avoided the hospital carefully, which disposes of any thought that the bombing might have been accidental. Some casualties were caused by the raid.

Supreme Court Upholds NLRB On Closed Shop

The United States Supreme Court on March 30 upheld the National Labor Relations Board in a 8 to 1 decision, which held that the National Labor Relations Act prohibits a company and a union from entering into a closed shop contract if the union had been assisted by any "unfair labor practices" by the company.

The decision, applying to a closed shop agreement between the Electric Vacuum Cleaner Co., Inc., of Cleveland, and five American Federation of Labor affiliates was delivered by Justice Reed, according to Associated Press advices from Washington on March 30, which also said:

> Justice Reed's decision in the Electric Vacuum case, to which Justice Roberts dissented, said that "to permit employer interference prior to the execution of a closed shop contract, as soon as a bare majority of employees had properly selected their representatives, would go far to restore the type of company-union co-ordination in labor matters which the (Wagner) Act forbids."
>
> The Labor Board had contended that the company aided the Federation affiliates in opposition to an attempt to organize a local of the United Electrical and Radio Workers of America, a CIO affiliate.
>
> Methods employed, the Labor Board said, to compel employees to join the Federation Affiliates and to "forgo the United" included discharges, threats of discharge and a lockout. Subsequently, the Board added, the company entered into the "full closed shop" agreement in 1937 with the Federation Affiliates.
>
> The company then refused to reinstate 24 employees. Re-employment was directed by the Board.
>
> In its brief, the company called the litigation "a controversy between rival unions, CIO seeking to organize a plant under contract with AFL affiliates." The company said it was "the innocent victim of circumstances."
>
> The Federation unions asserted that "all of the employer's difficulties with the Labor Board are the direct result of an attempt by the CIO to raid a plant which had already been organized."
>
> The affiliates said the 1937 contract required "all employees of the company to become members" of one of the unions. The agreement was called a closed shop contract by the unions and by the company and was referred to by the Labor Board as a "full closed shop" contract.
>
> Justice Reed added that the time such a closed shop contract would remain invalid "is an inference of fact for the fair determination of the Labor Board."

Settle Fertilizer Suit

The fertilizer anti-trust suit, which, with the preliminary investigation, was under way for more than three years, was terminated on March 24 in the Federal Court at Winston-Salem, N. C., according to advices from the National Fertilizer Association, which reports:

> Originally there were 102 defendants — two trade associations, 64 fertilizer companies, and 36 officials of the defendant corporations.
>
> The defendants, except seven as to whom the case was nolprossed, entered pleas of "nolo contendere," which means "I will not contest." Defense attorneys pointed out to the Court that defendants did not enter the pleas out of any sense of guilt but largely because of war emergency conditions and demand upon their time and energies. Judge Johnson J. Hayes commended the attorneys on both sides for reaching a solution of the case that did not involve a long and expensive trial, and ordered that a hearing be held for the purpose of taking testimony to give him information as to business operations in the industry and the issues involved in the suit. These hearings extended from March 16 to March 24, when the judgment of the Court was rendered.

The defendants who were nolprossed are: Arkansas Fertilizer Co., F. W. Tunnell & Co., Inc., Harold F. Ayer, John F. Maybank, A. Quistgaard Petersen, E. H. Westlake, and George A. Whiting. In addition to these the Court imposed no penalty upon Charles J. Brand, Executive Secretary of the National Fertilizer Association, saying that there was no evidence to indicate any intention whatever on his part to violate the law in letter or spirit. Fines imposed on corporations range from $500 to $9,000 and on individuals from $2 to $4,000, aggregating about $255,000.

Among industry practices under attack were the exchanging of price schedules and port basing-point prices. It was pointed out to the Court that Government publications show that these practices are nothing new in the industry but have been in existence for many years. The settlement of the suit did not include entry of any consent decrees as to future business practices in the industry.

Items About Banks, Trust Companies

The New York Coffee and Sugar Exchange, Inc., announces that following custom, a holiday has been voted for Good Friday, April 3 and Saturday, April 4.

Guaranty Trust Company of New York announces the appointment of Parker Wilson as a Second Vice-President. Mr. Wilson was formerly Assistant Treasurer.

At the regular meeting of the Board of Directors of the National City Bank of New York on March 24. Nelson W. Monfort was appointed an Assistant Vice-President.

Central Hanover Bank & Trust Co. of New York will open an office in Rockefeller Center late in April, to replace its present office at 2 W. 49th St. The new office will be located on the main floor of the RCA Building, at the Rockefeller Plaza and 50th St. corner, with safe deposit vaults on a lower level. There will be an entrance from 50th St., also one from the lobby of the building. Increased banking and trust facilities for Central Hanover customers in the Rockefeller Center district will result from this move. The new office, it is announced, will be considerably larger than the one now serving this important district, and complete commercial banking, checking account, and personal or corporate trust services will be available.

Carl Paul Biggerman, who retired in January, 1941, as a Vice-President of the Chase National Bank, New York, died of pneumonia on March 29 at his home in Bronxville, N. Y. He was 64 years old. Mr. Biggerman had been with the Chase Bank since 1921 when he was made an Assistant Cashier. Prior to becoming associated with the bank he had been a national bank examiner for many years. A native of Union City, N. J., Mr. Biggerman's career also included association with a steamship company, a steel company, the Corn Exchange Bank & Trust Co. of New York, and the New York Banknote Co.

The Brooklyn Trust Company of Brooklyn, N. Y., announced on March 27, that its Sea Gate office, Surf Ave. and West 25th St., Brooklyn, would be discontinued at the close of business Saturday, March 28, and its accounts transferred to the Coney Island office of the company, at Surf Ave. and West 12th St. The Sea Gate office was originally a branch of the old Bank of Coney Island, which was merged into the Brooklyn Trust Company in January, 1928.

The Bank of Southold, Southold, N. Y., has been admitted to membership in the Federal Reserve System, effective March 21, according to an announcement made by the New York Federal Reserve Bank. The institution has capital approximating $550,000. Howard G. Tuthill is President of the bank. This is the 51st bank which has become a member of the New York Reserve Bank since last September.

M. J. Fleming, President of Federal Reserve Bank of Cleveland announces the admission of the Union Savings & Trust Co., Warren, Ohio, to membership in the Federal Reserve System on March 26. The bank, organized in 1911, has capital surplus and undivided profits in excess of $900,000 and total deposits approximate $11,000,000. The Union Savings & Trust Co. is headed by A. F. Reed.

The Marquette National Bank of Minneapolis announces that Ronald B. Harrison, Assistant Cashier of the bank, has also been made Assistant Trust Officer and that William G. Kirchner has been appointed an Assistant Cashier.

President Orders Loans To Small Business To Put Working Capital Financing On War Basis

In an executive order issued March 26, President Roosevelt authorized the War and Navy Departments and the Maritime Commission to make or guarantee loans to the nation's smaller businesses for financing war production.

The White House explained that the order, "authorizing the financing of contracts to facilitate the prosecution of the war is aimed at curing a situation which has interfered with the all-out participation of many small business enterprises in war production." The White House statement likewise said, "Senators Murray, Mead and Capper have been particularly anxious to bring about this participation. Full production of the nation's smaller businesses is essential to victory." Noting that "the basic purpose of the order is to put working capital financing on a war basis," the statement added:

> Up to now peacetime restrictions on banks and credit agencies have made it difficult for them to finance war production although the banks have been anxious to use their resources for prosecution of the war.
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> Under the Order, the War Department, the Navy Department, and the Maritime Commission may guarantee or make loans when they are needed for war production. These guarantees will support the operations of the banks, the Federal Reserve System, the Reconstruction Finance Corporation, and other credit agencies. They will not be made under peacetime credit rules. They will be made by production men, wherever additional financing is essential for additional production.
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> Peacetime restrictions on credits cannot hold up production of war supplies needed by the armed forces.

The order was prepared by the War Production, the War and Navy Departments and the Maritime Commission, the White House further stated, adding that War Production Chief Nelson, Under-Secretary of War Patterson, Under-Secretary of the Navy Forrestal and Admiral Land of the Maritime Commission are of the opinion that the order "will greatly speed the war production of small business and subcontractors generally."

The Presidential order, issued under authority of the First War Powers Act of 1941, authorizes the three armament procurement agencies "to enter into contracts with any Federal Reserve Bank, the Reconstruction Finance Corporation, or with any other financing institution guaranteeing such Reserve Bank, Reconstruction Finance Corporation or other financing institution against loss of principal or interest on loans, discounts or advances, or on commitments in connection therewith."

The order was signed at a White House ceremony attended by Under-Secretaries Patterson and Forrestal and Admiral Land. Also present were Senators Murray (Dem., Mont.), Mead (Dem., N. Y.) and Capper (Rep., Kan.), who, the White House said, have been "particularly anxious" to bring about the participation of small business.

Legislation seeking to create a $100,000 smaller war plants corporation is not expected to be supplanted by the executive order. The Senate Banking Committee approved it on March 25 and the Senate will probably consider it in the near future.

The Executive Order reads:

EXECUTIVE ORDER

Authorizing Financing Contracts to Facilitate the Prosecution of the War

WHEREAS, in order that contracts of the War Department, the Navy Department and the United States Maritime Commission (hereinafter referred to as Maritime Commission) which are now outstanding or may hereafter be entered into for war production, including the obtaining or conversion of facilities, may be promptly and effectively performed, it is essential that additional facilities be provided through governmental agencies to supply necessary funds to contractors, subcontractors and others engaged in such war production pursuant to such contracts;

WHEREAS, the War Department, the Navy Department and the Maritime Commission have available to them amounts appropriated by Congress which may be used for the purpose of making or guaranteeing loans, discounts or advances or commitments in connection therewith for the purpose of financing contractors, subcontractors and others engaged in such production or otherwise to expedite war production;

WHEREAS, the guaranteeing or making of such loans, discounts, advances and commitments by the War Department, Navy Department and Maritime Commission will be expedited and facilitated by utilizing in this connection the Federal Re-Reserve Banks and the board of governors of the Federal Reserve System, which are agencies of the government exercising functions in connection with the prosecution of the war effort and which have offices and other facilities, including experienced personnel, located conveniently throughout the country and are in close and frequent contact with banking and other financing institutions; and

WHEREAS, the guaranteeing or making of such loans, discounts, advances and commitments will greatly facilitate the participation of small business enterprises in war production,

NOW, THEREFORE, by virtue of the authority vested in me by the various provisions of the First War Powers Act, 1941, approved Dec. 18, 1941, by all other acts of Congress and by the Constitution of the United States and as President of the United States and Commander-in-Chief of the Army and Navy of the United States and deeming that such action will facilitate the prosecution of the war, I do hereby order as follows:

1. The War Department, Navy Department and the Maritime Commission are hereby respectively authorized, without regard to the provisions of law relating to the making, performance, amendment or modification of contracts; (a) to enter into contracts with any Federal Reserve Bank, the Reconstruction Finance Corporation, or with any other financing institution guaranteeing such Reserve Bank, Reconstruction Finance Corporation, or other financing institution against loss of principal or interest on loans, discounts or advances, or on commitments in connection therewith, which may be made by such Reserve Bank, Reconstruction Finance Corporation, or other financing institution for the purpose of financing any contractor, subcontractor or others engaged in any business or operation which is deemed by the War Department, Navy Department or Maritime Commission to be necessary, appropriate or convenient for the prosecution of the war, and to pay out funds in accordance with the terms of any such contract so entered into, and (b) to enter into contracts to make, or to participate with any Federal Reserve Bank, the Reconstruction Finance Corporation or other financing institution in making loans, discounts or advances, or commitments in connection therewith, for the purpose of financing any contractor, subcontractor or others engaded in any business or operation which is deemed by the War Department, Navy Department or Maritime Commission to be necessary, appropriate or convenient for the prosecution of the war, and to pay out funds in accordance with the terms of any such contract so entered into.

(2) The authority above conferred may be exercised by the Secretary of War, the Secretary of the Navy or the Maritime Commission, respectively, or may also be exercised in their discretion and by their direction, respectively, through any other officer or officers of civilian officials of the War or Navy Departments or the Maritime Commission. The Secretary of War, the Secretary of the Navy and the Maritime Commission may confer upon any officer or officers in their respective departments or civilian officials thereof the power to make further delegations of such powers within the War and Navy Departments and the Maritime Commission.

(3) Any Federal Reserve Bank, or any officer thereof may be utilized and is hereby authorized to act as agent of the War Department, the Navy Department or the Maritime Commission, respectively, in carrying out any of the provisions of this Executive Order, and the Secretary of the Treasury is hereby directed to designate each Federal Reserve Bank to act as fiscal agent of the United States pursuant to the provisions of Section 15 of the Federal Reserve Act in carrying out any authority granted to it or pursuant to this Executive Order. In any case in which any Federal Reserve Bank shall make or participate in making any loan, discount or advance or commitments as agent of the War Department, Navy Department or Maritime Commission under authority of this order, all such funds as may be necessary therefor shall be supplied and disbursed by or under authority from the War Department, Navy Department or Maritime Commission in accordance with such procedure as they may respectively require. Any amounts now or hereafter available under any appropriation act to the War Department, the Navy Department or the Maritime Commission for the purpose of procuring materials, equipment or supplies, or of expediting production thereof, may be extended through the agency of the respective Federal Reserve Banks in accordance with the provisions of this Executive Order. In taking any action under any designation or authority given by or pursuant to this paragraph no Federal Reserve Bank shall have any responsibility or accountability except as agent of the War Department, Navy Department or Maritime Commission, as the case may be.

(4) All actions and operations of any Federal Reserve Bank under authority of or pursuant to the terms of this Executive Order shall be subject to the supervision of the Board of Governors of the Federal Reserve System and to such directions and conditions as the Board of Governors of the Federal Reserve System may prescribe, by regulation or otherwise, after consultation with the Secretary of War, the Secretary of the Navy or the Maritime Commission, or their authorized representatives.

(5) The War Department, the Navy Department and the Maritime Commission shall make reports of all contracts entered into by them respectively pursuant to the terms of this Executive Order, in accordance with the provisions of Paragraph 1 of the Regulations prescribed in Title II of Executive Order No. 9001 dated Dec. 27, 1941.

(6) Interest, fees and other charges derived by the War Department, Navy Department and Maritime Commission, respectively, from operations pursuant to the terms of this Executive Order may be held by the Federal Reserve Banks and shall first be used for the purpose of meeting expenses and losses (including but not limited to attorneys' fees and expenses of litigation) incurred by the Federal Reserve Banks in acting as agents under or pursuant to the provisions of this Executive Order, and to the extent that the amount of such interest, fees or other charges is insufficient for this purpose the Federal Reserve Banks shall be reimbursed for such expenses and losses by the War Department, the Navy Department or the Maritime Commission, as the case may be.

FRANKLIN D. ROOSEVELT.
THE WHITE HOUSE,
March 26, 1942.

ABA Council To Meet

The annual spring meeting of the Executive Council of the American Bankers Association will be held at French Lick Springs, Ind., instead of Hot Springs, Va., as previously announced, it is announced by Henry W. Koeneke, President of the Association, who is President of the Security Bank of Ponca City, Okla. The dates are the same, April 19-22. This change says the Association was made necessary by the continued occupation of The Homestead at Hot Springs by the Japanese diplomatic and consular officers and the fact that The Homestead management could give no assurance that they will be removed in the near future. The French Lick Springs Hotel at French Lick, Ind., will be the headquarters for the council meeting on the dates given.

S. Savs.-Loan Conference

The twelfth annual Southeastern Group Conference of the United States Savings and Loan League will be held April 17-18, in Atlanta, Ga., where the first meeting of this group was held in 1931, it is announced by Julius A. McCurdy, Decatur, Ga., President of the conference. Savings, building and loan association executives from Maryland, Delaware, West Virginia, Virginia, District of Columbia, Kentucky, Tennessee, Alabama, Georgia, the Carolinas and Florida are expected to comprise a delegate group of three hundred to four hundred.

Agendum for the meeting it is announced is largely concerned with War policies of the Associations, their progress in the sale of Defense Bonds and plans for financing Defense Housing, and some looking ahead to possibilities of the post-war housing era.